

109TH CONGRESS
2^D SESSION

H. R. 4761

To provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2006

Mr. JINDAL (for himself, Mr. BAKER, Mr. BOUSTANY, and Mrs. DRAKE) introduced the following bill; which was referred to the Committee on Resources

A BILL

To provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Domestic Energy Pro-
5 duction through Offshore Exploration and Equitable
6 Treatment of State Holdings Act of 2006”.

7 **SEC. 2. POLICY.**

8 It is the policy of the United States that—

1 (1) adjacent States are required by the cir-
2 cumstances to commit significant resources in sup-
3 port of exploration, development, and production ac-
4 tivities for mineral resources on the outer Conti-
5 nental Shelf, and it is fair and proper for a portion
6 of the receipts from such activities to be shared with
7 Adjacent States and their local coastal governments;

8 (2) the existing laws governing the leasing and
9 production of the mineral resources of the outer
10 Continental Shelf have reduced the production of
11 mineral resources, have preempted Adjacent States
12 from being sufficiently involved in the decisions re-
13 garding the allowance of mineral resource develop-
14 ment, and have been harmful to the national inter-
15 est;

16 (3) the national interest is served by granting
17 the Adjacent States more options related to whether
18 or not mineral leasing should occur in the outer
19 Continental Shelf within their Adjacent Zones;

20 (4) it is not reasonably foreseeable that explo-
21 ration of a leased tract located more than 25 miles
22 seaward of the coastline, development and produc-
23 tion of a natural gas discovery located more than 25
24 miles seaward of the coastline, or development and
25 production of an oil discovery located more than 50

1 miles seaward of the coastline will adversely affect
2 resources near the coastline;

3 (5) transportation of oil from a leased tract
4 might reasonably be foreseen, under limited cir-
5 cumstances, to have the potential to adversely affect
6 resources near the coastline if the oil is within 50
7 miles of the coastline, but such potential to adversely
8 affect such resources is likely no greater, and prob-
9 ably less, than the potential impacts from tanker
10 transportation because tanker spills usually involve
11 large releases of oil over a brief period of time; and

12 (6) among other bodies of inland waters, the
13 Great Lakes, Long Island Sound, Delaware Bay,
14 Chesapeake Bay, Albemarle Sound, San Francisco
15 Bay, and Puget Sound are not part of the outer
16 Continental Shelf, and are not subject to leasing by
17 the Federal Government for the exploration, develop-
18 ment, and production of any mineral resources that
19 might lie beneath them.

20 **SEC. 3. DEFINITIONS UNDER THE OUTER CONTINENTAL**
21 **SHELF LANDS ACT.**

22 Section 2 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1331) is amended—

24 (1) by amending paragraph (f) to read as fol-
25 lows:

1 “(f) The term ‘affected State’ means the Adjacent
2 State.”;

3 (2) by striking the semicolon at the end of each
4 of paragraphs (a) through (o) and inserting a pe-
5 riod;

6 (3) by striking “; and” at the end of paragraph
7 (p) and inserting a period;

8 (4) by adding at the end the following:

9 “(r) The term ‘Adjacent State’ means, with respect
10 to any program, plan, lease sale, leased tract or other ac-
11 tivity, proposed, conducted, or approved pursuant to the
12 provisions of this Act, any State the laws of which are
13 declared, pursuant to section 4(a)(2), to be the law of the
14 United States for the portion of the outer Continental
15 Shelf on which such program, plan, lease sale, leased tract
16 or activity appertains or is, or is proposed to be, con-
17 ducted. For purposes of this paragraph, the term ‘State’
18 includes Puerto Rico and the other Territories of the
19 United States.

20 “(s) The term ‘Adjacent Zone’ means, with respect
21 to any program, plan, lease sale, leased tract, or other ac-
22 tivity, proposed, conducted, or approved pursuant to the
23 provisions of this Act, the portion of the outer Continental
24 Shelf for which the laws of a particular Adjacent State

1 are declared, pursuant to section 4(a)(2), to be the law
2 of the United States.

3 “(t) The term ‘miles’ means statute miles.

4 “(u) The term ‘coastline’ has the same meaning as
5 the term ‘coast line’ as defined in section 2(c) of the Sub-
6 merged Lands Act (43 U.S.C. 1301(c)).

7 “(v) The term ‘Neighboring State’ means a coastal
8 state having a common boundary at the coastline with the
9 Adjacent State.”; and

10 (5) in paragraph (a), by inserting after “con-
11 trol” the following: “or lying within the United
12 States exclusive economic zone adjacent to the Terri-
13 tories of the United States”.

14 **SEC. 4. DETERMINATION OF ADJACENT ZONES AND PLAN-**
15 **NING AREAS.**

16 Section 4(a)(2)(A) of the Outer Continental Shelf
17 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
18 first sentence by striking “, and the President” and all
19 that follows through the end of the sentence and inserting
20 the following: “The lines extending seaward and defining
21 each State’s Adjacent Zone, and each OCS Planning Area,
22 are as indicated on the maps for each outer Continental
23 Shelf region entitled ‘Alaska OCS Region State Adjacent
24 Zone and OCS Planning Areas’, ‘Pacific OCS Region
25 State Adjacent Zones and OCS Planning Areas’, ‘Gulf of

1 Mexico OCS Region State Adjacent Zones and OCS Plan-
2 ning Areas’, and ‘Atlantic OCS Region State Adjacent
3 Zones and OCS Planning Areas’, all of which are dated
4 September 2005 and on file in the Office of the Director,
5 Minerals Management Service.”.

6 **SEC. 5. ADMINISTRATION OF LEASING.**

7 Section 5 of the Outer Continental Shelf Lands Act
8 (43 U.S.C. 1334) is amended by adding at the end the
9 following:

10 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A
11 LEASE.—Any lessee of a producing lease may relinquish
12 to the Secretary any portion of a lease that the lessee has
13 no interest in producing and that the Secretary finds is
14 geologically prospective. In return for any such relinquis-
15 ment, the Secretary shall provide to the lessee a royalty
16 incentive for the portion of the lease retained by the lessee,
17 in accordance with regulations promulgated by the Sec-
18 retary to carry out this subsection. The Secretary shall
19 publish final regulations implementing this subsection
20 within 365 days after the date of the enactment of the
21 Domestic Energy Production through Offshore Explo-
22 ration and Equitable Treatment of State Holdings Act of
23 2006.

1 “(1) NATURAL GAS LEASE REGULATIONS.—Not later
2 than July 1, 2007, the Secretary shall publish a final regu-
3 lation that shall—

4 “(1) establish procedures for entering into nat-
5 ural gas leases;

6 “(2) ensure that natural gas leases are only
7 available for tracts on the outer Continental Shelf
8 that are wholly within 125 miles of the coastline
9 within an area withdrawn from disposition by leas-
10 ing on the day after the date of enactment of the
11 Domestic Energy Production through Offshore Ex-
12 ploration and Equitable Treatment of State Hold-
13 ings Act of 2006;

14 “(3) provide that natural gas leases shall con-
15 tain the same rights and obligations established for
16 oil and gas leases, except as otherwise provided in
17 the Domestic Energy Production through Offshore
18 Exploration and Equitable Treatment of State Hold-
19 ings Act of 2006;

20 “(4) provide that, in reviewing the adequacy of
21 bids for natural gas leases, the value of any crude
22 oil estimated to be contained within any tract shall
23 be excluded;

24 “(5) provide that any crude oil produced from
25 a well and reinjected into the leased tract shall not

1 be subject to payment of royalty, and that the Sec-
2 retary shall consider, in setting the royalty rates for
3 a natural gas lease, the additional cost to the lessee
4 of not producing any crude oil; and

5 “(6) provide that any Federal law that applies
6 to an oil and gas lease on the outer Continental
7 Shelf shall apply to a natural gas lease unless other-
8 wise clearly inapplicable.”.

9 **SEC. 6. GRANT OF LEASES BY SECRETARY.**

10 Section 8 of the Outer Continental Shelf Lands Act
11 (43 U.S.C. 1337) is amended—

12 (1) in subsection (a)(1) by inserting after the
13 first sentence the following: “Further, the Secretary
14 may grant natural gas leases in a manner similar to
15 the granting of oil and gas leases and under the var-
16 ious bidding systems available for oil and gas
17 leases.”;

18 (2) by adding at the end of subsection (b) the
19 following: “The Secretary may issue more than one
20 lease for a given tract if each lease applies to a sepa-
21 rate and distinct range of vertical depths, horizontal
22 surface area, or a combination of the two. The Sec-
23 retary may issue regulations that the Secretary de-
24 termines are necessary to manage such leases con-
25 sistent with the purposes of this Act.”;

1 (3) in subsection (p)(2)(B)—

2 (A) by striking “27” and inserting “50”;

3 and

4 (B) by striking “15” and inserting “200”;

5 (4) by adding at the end the following:

6 “(q) NATURAL GAS LEASES.—

7 “(1) RIGHT TO PRODUCE NATURAL GAS.—A
8 lessee of a natural gas lease shall have the right to
9 produce the natural gas from a natural gas leased
10 tract if the Secretary estimates that the discovered
11 field has at least 40 percent of the economically re-
12 coverable Btu content of the field contained within
13 natural gas and such natural gas is economical to
14 produce.

15 “(2) RIGHT TO PRODUCE CRUDE OIL.—A lessee
16 of a natural gas lease may produce crude oil from
17 the lease unless the Governor and the legislature of
18 the Adjacent State object to such production within
19 180 days after receipt of written notice from the les-
20 see of intent to produce crude oil from the lease. If
21 the leased tract is located within 50 miles of the
22 nearest point on the coastline of a Neighboring
23 State, the Governor and legislature of the Neigh-
24 boring State shall also receive such notice and have

1 the right to object to such production within 180
2 days after receipt of such notice.

3 “(3) ESTIMATES OF BTU CONTENT.—The Sec-
4 retary shall make estimates of the natural gas Btu
5 content of discovered fields on a natural gas lease
6 only after the completion of at least one exploration
7 well, the data from which has been tied to the re-
8 sults of a three-dimensional seismic survey of the
9 field. The Secretary may not require the lessee to
10 further delineate any discovered field prior to mak-
11 ing such estimates.

12 “(4) TRANSPORTATION OF CRUDE OIL.—If an
13 Adjacent State or any applicable Neighboring State
14 does not object to production of crude oil from a
15 natural gas lease, the lessee shall be permitted to
16 transport the crude oil from the leased tract through
17 Adjacent State waters, and Neighboring State wa-
18 ters if applicable, to facilities onshore in the Adja-
19 cent State, and Neighboring State if applicable, un-
20 less the lessee agreed to other arrangements with
21 the Adjacent State or Neighboring State, or both.

22 “(5) REPURCHASE OF CERTAIN NATURAL GAS
23 LEASES.—Upon request of the lessee and certifi-
24 cation by the Secretary of the Interior that a natural
25 gas lease contains all or part of a commercial oil and

1 gas discovery that is not allowed to be produced be-
2 cause it does not meet the standard set in paragraph
3 (1), the Secretary of the Treasury shall repurchase
4 the lease by issuance of a check or electronic pay-
5 ment from OCS Receipts to the lessee in full com-
6 pensation for the repurchase. The Secretary shall re-
7 coup from the State and local governments any
8 funds previously shared with them that were derived
9 from the repurchased lease. Such recoupment shall
10 only be from the State and local governments'
11 shares of OCS receipts that are payable after the
12 date of repurchase.

13 “(6) AMOUNT OF COMPENSATION.—Repurchase
14 compensation for each lease repurchased under the
15 authority of this section shall be in the amount of
16 the lesser of the original bonus bid paid for the lease
17 or, if the lessee is not the original lessee, the com-
18 pensation paid by the current lessee to obtain its in-
19 terest in the lease. In addition, the lessee shall be
20 compensated for any expenses directly attributable
21 to the lease that the lessee incurs after acquisition
22 of its interest in the lease to be repurchased, includ-
23 ing rentals, seismic acquisition costs, drilling costs,
24 and other reasonable expenses on the lease, includ-
25 ing expenses incurred in the repurchase process, to

1 the extent that the lessee has not previously been
2 compensated by the United States for such expenses.
3 The lessee shall not be compensated for general
4 overhead expenses or employee salaries.

5 “(7) PRIORITY RIGHT TO OBTAIN FUTURE OIL
6 AND GAS LEASE.—The lessee, or a designee of the
7 lessee, of a repurchased natural gas leased tract
8 shall have the right to repurchase such tract as an
9 oil and gas lease, on a noncompetitive basis, by re-
10 paying the amount received by the lessee if the tract
11 is made available for lease under an oil and gas
12 lease within 30 years after the repurchase.

13 “(8) DEFINITION OF NATURAL GAS.—For pur-
14 poses of a natural gas lease, natural gas means nat-
15 ural gas and all substances produced in association
16 with gas, including, but not limited to, hydrocarbon
17 liquids (other than crude oil) that are obtained by
18 the condensation of hydrocarbon vapors and sepa-
19 rate out in liquid form from the produced gas
20 stream.

21 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING
22 IN CERTAIN AREAS OF THE OUTER CONTINENTAL
23 SHELF.—Restrictions on joint bidders shall no longer
24 apply to tracts located in the Alaska OCS Region. Such
25 restrictions shall not apply to tracts in other OCS regions

1 determined to be ‘frontier tracts’ or otherwise ‘high cost
2 tracts’ under final regulations that shall be published by
3 the Secretary by not later than 365 days after the date
4 of the enactment of the Domestic Energy Production
5 through Offshore Exploration and Equitable Treatment of
6 State Holdings Act of 2006.’;

7 (5) by striking subsection (a)(3)(A) and redesi-
8 gnating the subsequent subparagraphs as subpara-
9 graphs (A) and (B), respectively;

10 (6) in subsection (a)(3)(A) (as so redesignated)
11 by striking “In the Western” and all that follows
12 through “the Secretary” the first place it appears
13 and inserting “The Secretary”; and

14 (7) effective October 1, 2006, in subsection
15 (g)—

16 (A) by striking all after “(g)”, except para-
17 graph (3);

18 (B) by striking the last sentence of para-
19 graph (3); and

20 (C) by striking “(3)”.

21 **SEC. 7. DISPOSITION OF RECEIPTS.**

22 Section 9 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1338) is amended—

24 (1) by designating the existing text as sub-
25 section (a);

1 (2) in subsection (a) (as so designated) by in-
2 serting “, if not paid as otherwise provided in this
3 title” after “receipts”; and

4 (3) by adding the following:

5 “(b) TREATMENT OF OCS RECEIPTS FROM TRACTS
6 COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

7 “(1) DEPOSIT.—The Secretary shall deposit
8 into a separate account in the Treasury the portion
9 of OCS Receipts for each fiscal year that will be
10 shared under paragraphs (2), (3), and (4).

11 “(2) PHASED-IN RECEIPTS SHARING.—

12 “(A) Beginning October 1, 2005, the Sec-
13 retary shall share OCS Receipts derived from
14 the following areas:

15 “(i) Lease tracts located on portions
16 of the Gulf of Mexico OCS Region com-
17 pletely beyond 4 marine leagues from any
18 coastline and completely within 100 miles
19 of any coastline that are available for leas-
20 ing under the 2002–2007 5-Year Oil and
21 Gas Leasing Program in effect prior to the
22 date of the enactment of the Domestic En-
23 ergy Production through Offshore Explo-
24 ration and Equitable Treatment of State
25 Holdings Act of 2006.

1 “(ii) Lease tracts in production prior
2 to October 1, 2005, completely beyond 4
3 marine leagues from any coastline and
4 completely within 100 miles of any coast-
5 line located on portions of the OCS that
6 were not available for leasing under the
7 2002–2007 5-Year OCS Oil and Gas Leas-
8 ing Program in effect prior to the date of
9 the enactment of the Domestic Energy
10 Production through Offshore Exploration
11 and Equitable Treatment of State Hold-
12 ings Act of 2006.

13 “(iii) Lease tracts for which leases are
14 issued prior to October 1, 2005, located in
15 the Alaska OCS Region completely beyond
16 4 marine leagues from any coastline and
17 completely within 100 miles of the coast-
18 line.

19 “(B) The Secretary shall share the fol-
20 lowing percentages of OCS Receipts from the
21 leases described in subparagraph (A) derived
22 during the fiscal year indicated:

23 “(i) For fiscal year 2006, 6.0 percent.

24 “(ii) For fiscal year 2007, 7.0 per-
25 cent.

1 “(iii) For fiscal year 2008, 8.0 per-
2 cent.

3 “(iv) For fiscal year 2009, 9.0 per-
4 cent.

5 “(v) For fiscal year 2010, 12.0 per-
6 cent.

7 “(vi) For fiscal year 2011, 15.0 per-
8 cent.

9 “(vii) For fiscal year 2012, 18.0 per-
10 cent.

11 “(viii) For fiscal year 2013, 21.0 per-
12 cent.

13 “(ix) For fiscal year 2014, 24.0 per-
14 cent.

15 “(x) For fiscal year 2015, 27.0 per-
16 cent.

17 “(xi) For fiscal year 2016, 30.0 per-
18 cent.

19 “(xii) For fiscal year 2017, 33.0 per-
20 cent.

21 “(xiii) For fiscal year 2018, 36.0 per-
22 cent.

23 “(xiv) For fiscal year 2019, 39.0 per-
24 cent.

1 “(xv) For fiscal year 2020, 42.0 per-
2 cent.

3 “(xvi) For fiscal year 2021, 45.0 per-
4 cent.

5 “(xvii) For fiscal year 2022 and each
6 subsequent fiscal year, 50.0 percent.

7 “(C) The provisions of this paragraph shall
8 not apply to leases that could not have been
9 issued but for section 5(k) of this Act or section
10 6(2) of the Domestic Energy Production
11 through Offshore Exploration and Equitable
12 Treatment of State Holdings Act of 2006.

13 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
14 ning October 1, 2005, the Secretary shall share 50
15 percent of OCS Receipts derived from all leases lo-
16 cated completely beyond 4 marine leagues from any
17 coastline and completely within 100 miles of any
18 coastline not included within the provisions of para-
19 graph (2).

20 “(4) RECEIPTS SHARING FROM TRACTS WITHIN
21 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning
22 October 1, 2005, the Secretary shall share 75 per-
23 cent of OCS Receipts derived from all leases located
24 completely or partially within 4 marine leagues from
25 any coastline.

1 “(5) ALLOCATIONS.—The Secretary shall allo-
2 cate the OCS Receipts deposited into the separate
3 account established by paragraph (1) that are
4 shared under paragraphs (2), (3), and (4) as follows:

5 “(A) BONUS BIDS.—Deposits derived from
6 bonus bids from a leased tract, including inter-
7 est thereon, shall be allocated at the end of
8 each fiscal year as follows:

9 “(i) 87.5 percent to the Adjacent
10 State.

11 “(ii) 6.25 percent into the Treasury,
12 which shall be allocated to the account es-
13 tablished by section 14 of the Domestic
14 Energy Production through Offshore Ex-
15 ploration and Equitable Treatment of
16 State Holdings Act of 2006.

17 “(iii) 5 percent into the account es-
18 tablished by section 23 of the Domestic
19 Energy Production through Offshore Ex-
20 ploration and Equitable Treatment of
21 State Holdings Act of 2006.

22 “(iv) 1.25 percent into the account es-
23 tablished by section 26 of the Domestic
24 Energy Production through Offshore Ex-

1 ploration and Equitable Treatment of
2 State Holdings Act of 2006.

3 “(B) ROYALTIES.—Deposits derived from
4 royalties from a leased tract, including interest
5 thereon, shall be allocated at the end of each
6 fiscal year as follows:

7 “ (i) 87.5 percent to the Adjacent
8 State and any other producing State or
9 States with a leased tract within its Adja-
10 cent Zone within 100 miles of its coastline
11 that generated royalties during the fiscal
12 year, if the other producing or States have
13 a coastline point within 300 miles of any
14 portion of the leased tract, in which case
15 the amount allocated for the leased tract
16 shall be—

17 “(I) one-third to the Adjacent
18 State; and

19 “(II) two-thirds to each pro-
20 ducing State, including the Adjacent
21 State, inversely proportional to the
22 distance between the nearest point on
23 the coastline of the producing State
24 and the geographic center of the
25 leased tract.

1 “(ii) 6.25 percent into the Treasury,
2 which shall be allocated to the account es-
3 tablished by section 14 of the Domestic
4 Energy Production through Offshore Ex-
5 ploration and Equitable Treatment of
6 State Holdings Act of 2006.

7 “(iii) 5 percent into the account es-
8 tablished by section 23 of the Domestic
9 Energy Production through Offshore Ex-
10 ploration and Equitable Treatment of
11 State Holdings Act of 2006.

12 “(iv) 1.25 percent into the account es-
13 tablished by section 26 of the Domestic
14 Energy Production through Offshore Ex-
15 ploration and Equitable Treatment of
16 State Holdings Act of 2006.

17 “(c) TREATMENT OF OCS RECEIPTS FROM TRACTS
18 PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE
19 COASTLINE.—

20 “(1) DEPOSIT.—The Secretary shall deposit
21 into a separate account in the Treasury the portion
22 of OCS Receipts for each fiscal year that will be
23 shared under paragraphs (2) and (3).

24 “(2) PHASED-IN RECEIPTS SHARING.—

1 “(A) Beginning October 1, 2005, the Sec-
2 retary shall share OCS Receipts derived from
3 the following areas:

4 “(i) Lease tracts located on portions
5 of the Gulf of Mexico OCS Region partially
6 or completely beyond 100 miles of any
7 coastline that are available for leasing
8 under the 2002–2007 5-Year Oil and Gas
9 Leasing Program in effect prior to the
10 date of enactment of the Domestic Energy
11 Production through Offshore Exploration
12 and Equitable Treatment of State Hold-
13 ings Act of 2006.

14 “(ii) Lease tracts in production prior
15 to October 1, 2005, partially or completely
16 beyond 100 miles of any coastline located
17 on portions of the OCS that were not
18 available for leasing under the 2002–2007
19 5-Year OCS Oil and Gas Leasing Program
20 in effect prior to the date of enactment of
21 the Domestic Energy Production through
22 Offshore Exploration and Equitable Treat-
23 ment of State Holdings Act of 2006.

24 “(iii) Lease tracts for which leases are
25 issued prior to October 1, 2005, located in

1 the Alaska OCS Region partially or com-
2 pletely beyond 100 miles of the coastline.

3 “(B) The Secretary shall share the fol-
4 lowing percentages of OCS Receipts from the
5 leases described in subparagraph (A) derived
6 during the fiscal year indicated:

7 “(i) For fiscal year 2006, 6.0 percent.

8 “(ii) For fiscal year 2007, 7.0 per-
9 cent.

10 “(iii) For fiscal year 2008, 8.0 per-
11 cent.

12 “(iv) For fiscal year 2009, 9.0 per-
13 cent.

14 “(v) For fiscal year 2010, 12.0 per-
15 cent.

16 “(vi) For fiscal year 2011, 15.0 per-
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18 “(vii) For fiscal year 2012, 18.0 per-
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20 “(viii) For fiscal year 2013, 21.0 per-
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22 “(ix) For fiscal year 2014, 24.0 per-
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24 “(x) For fiscal year 2015, 27.0 per-
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1 “(xi) For fiscal year 2016, 30.0 per-
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3 “(xii) For fiscal year 2017, 33.0 per-
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5 “(xiii) For fiscal year 2018, 36.0 per-
6 cent.

7 “(xiv) For fiscal year 2019, 39.0 per-
8 cent.

9 “(xv) For fiscal year 2020, 42.0 per-
10 cent.

11 “(xvi) For fiscal year 2021, 45.0 per-
12 cent.

13 “(xvii) For fiscal year 2022 and each
14 subsequent fiscal year, 50.0 percent.

15 “(C) The provisions of this paragraph shall
16 not apply to leases that could not have been
17 issued but for section 5(k) of this Act or section
18 6(2) of the Domestic Energy Production
19 through Offshore Exploration and Equitable
20 Treatment of State Holdings Act of 2006.

21 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
22 ning October 1, 2005, the Secretary shall share 50
23 percent of OCS Receipts derived on and after Octo-
24 ber 1, 2005, from all leases located partially or com-

1 pletely beyond 100 miles of any coastline not in-
2 cluded within the provisions of paragraph (2).

3 “(4) ALLOCATIONS.—The Secretary shall allo-
4 cate the OCS Receipts deposited into the separate
5 account established by paragraph (1) that are
6 shared under paragraphs (2) and (3) as follows:

7 “(A) BONUS BIDS.—Deposits derived from
8 bonus bids from a leased tract, including inter-
9 est thereon, shall be allocated at the end of
10 each fiscal year as follows:

11 “(i) 87.5 percent to the Adjacent
12 State.

13 “(ii) 6.25 percent into the Treasury,
14 which shall be allocated to the account es-
15 tablished by section 14 of the Domestic
16 Energy Production through Offshore Ex-
17 ploration and Equitable Treatment of
18 State Holdings Act of 2006.

19 “(iii) 5 percent into the account es-
20 tablished by section 23 of the Domestic
21 Energy Production through Offshore Ex-
22 ploration and Equitable Treatment of
23 State Holdings Act of 2006.

24 “(iv) 1.25 percent into the account es-
25 tablished by section 26 of the Domestic

1 Energy Production through Offshore Ex-
2 ploration and Equitable Treatment of
3 State Holdings Act of 2006.

4 “(B) ROYALTIES.—Deposits derived from
5 royalties from a leased tract, including interest
6 thereon, shall be allocated at the end of each
7 fiscal year as follows:

8 “(i) 87.5 percent to the Adjacent
9 State and any other producing State or
10 States with a leased tract within its Adja-
11 cent Zone partially or completely beyond
12 100 miles of its coastline that generated
13 royalties during the fiscal year, if the other
14 producing State or States have a coastline
15 point within 300 miles of any portion of
16 the leased tract, in which case the amount
17 allocated for the leased tract shall be—

18 “(I) one-third to the Adjacent
19 State; and

20 “(II) two-thirds to each pro-
21 ducing State, including the Adjacent
22 State, inversely proportional to the
23 distance between the nearest point on
24 the coastline of the producing State

1 and the geographic center of the
2 leased tract.

3 “(ii) 6.25 percent into the account es-
4 tablished by section 14 of the Domestic
5 Energy Production through Offshore Ex-
6 ploration and Equitable Treatment of
7 State Holdings Act of 2006.

8 “(iii) 5 percent into the account es-
9 tablished by section 23 of the Domestic
10 Energy Production through Offshore Ex-
11 ploration and Equitable Treatment of
12 State Holdings Act of 2006.

13 “(iv) 1.25 percent into the account es-
14 tablished by section 26 of the Domestic
15 Energy Production through Offshore Ex-
16 ploration and Equitable Treatment of
17 State Holdings Act of 2006.

18 “(d) TRANSMISSION OF ALLOCATIONS.—

19 “(1) IN GENERAL.—Not later than 90 days
20 after the end of each fiscal year, the Secretary shall
21 transmit—

22 “(A) to each State two-thirds of such
23 State’s allocations under subsections
24 (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and
25 (c)(4)(B)(i) for the immediate prior fiscal year;

1 “(B) to coastal county-equivalent and mu-
2 nicipal political subdivisions of such State a
3 total of one-third of such State’s allocations
4 under subsections (b)(5)(A)(i), (b)(5)(B)(i),
5 (c)(4)(A)(i), and (c)(4)(B)(i), together with all
6 accrued interest thereon; and

7 “(C) the remaining allocations under sub-
8 sections (b)(5) and (c)(4), together with all ac-
9 crued interest thereon.

10 “(2) ALLOCATIONS TO COASTAL COUNTY-
11 EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-
12 retary shall make an initial allocation of the OCS
13 Receipts to be shared under paragraph (1)(B) as fol-
14 lows:

15 “(A) 25 percent shall be allocated based on
16 the ratio of such coastal county-equivalent polit-
17 ical subdivision’s population to the coastal pop-
18 ulation of all coastal county-equivalent political
19 subdivisions in the State.

20 “(B) 25 percent shall be allocated based on
21 the ratio of such coastal county-equivalent polit-
22 ical subdivision’s coastline miles to the coastline
23 miles of all coastal county-equivalent political
24 subdivisions in the State as calculated by the
25 Secretary. In such calculations, coastal county-

1 equivalent political subdivisions without a coast-
2 line shall be considered to have 50 percent of
3 the average coastline miles of the coastal coun-
4 ty-equivalent political subdivisions that do have
5 coastlines.

6 “(C) 25 percent shall be allocated to all
7 coastal county-equivalent political subdivisions
8 having a coastline point within 300 miles of the
9 leased tract for which OCS Receipts are being
10 shared based on a formula that allocates the
11 funds based on such coastal county-equivalent
12 political subdivision’s relative distance from the
13 leased tract.

14 “(D) 25 percent shall be allocated to all
15 coastal county-equivalent political subdivisions
16 having a coastline point within 300 miles of the
17 leased tract for which OCS Receipts are being
18 shared based on the relative level of outer Con-
19 tinental Shelf oil and gas activities in a coastal
20 political subdivision compared to the level of
21 outer Continental Shelf activities in all coastal
22 political subdivisions in the State. The Sec-
23 retary shall define the term ‘outer Continental
24 Shelf oil and gas activities’ for purposes of this
25 subparagraph to include, but not be limited to,

1 construction of vessels, drillships, and platforms
2 involved in exploration, production, and develop-
3 ment on the outer Continental Shelf; support
4 and supply bases, ports, and related activities;
5 offices of geologists, geophysicists, engineers,
6 and other professionals involved in support of
7 exploration, production, and development of oil
8 and gas on the outer Continental Shelf; pipe-
9 lines and other means of transporting oil and
10 gas production from the outer Continental
11 Shelf; and processing and refining of oil and
12 gas production from the outer Continental
13 Shelf. For purposes of this subparagraph, if a
14 coastal county-equivalent political subdivision
15 does not have a coastline, its coastal point shall
16 be the point on the coastline closest to it.

17 “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-
18 LITICAL SUBDIVISIONS.—The initial allocation to
19 each coastal county-equivalent political subdivision
20 under paragraph (2) shall be further allocated to the
21 coastal county-equivalent political subdivision and
22 any coastal municipal political subdivisions located
23 partially or wholly within the boundaries of the
24 coastal county-equivalent political subdivision as fol-
25 lows:

1 “(A) One-third shall be allocated to the
2 coastal county-equivalent political subdivision.

3 “(B) Two-thirds shall be allocated on a per
4 capita basis to the municipal political subdivi-
5 sions and the county-equivalent political sub-
6 division, with the allocation to the latter based
7 upon its population not included within the
8 boundaries of a municipal political subdivision.

9 “(e) INVESTMENT OF DEPOSITS.—Amounts depos-
10 ited under this section shall be invested by the Secretary
11 of the Treasury in securities backed by the full faith and
12 credit of the United States having maturities suitable to
13 the needs of the account in which they are deposited and
14 yielding the highest reasonably available interest rates as
15 determined by the Secretary of the Treasury.

16 “(f) USE OF FUNDS.—A recipient of funds under this
17 section may use the funds for one or more of the following:

18 “(1) To reduce in-State college tuition at public
19 institutions of higher learning and otherwise support
20 public education, including career technical edu-
21 cation.

22 “(2) To make transportation infrastructure im-
23 provements.

24 “(3) To reduce taxes.

25 “(4) To promote and provide for—

1 “(A) coastal or environmental restoration;

2 “(B) fish, wildlife, and marine life habitat
3 enhancement;

4 “(C) waterways maintenance;

5 “(D) shore protection; and

6 “(E) marine and oceanographic education
7 and research.

8 “(5) To improve infrastructure associated with
9 energy production activities conducted on the outer
10 Continental Shelf.

11 “(6) To fund energy demonstration projects
12 and supporting infrastructure for energy projects.

13 “(7) For any other purpose as determined by
14 State law.

15 “(g) NO ACCOUNTING REQUIRED.—No recipient of
16 funds under this section shall be required to account to
17 the Federal Government for the expenditure of such
18 funds, except as otherwise may be required by law. How-
19 ever, States may enact legislation providing for accounting
20 for and auditing of such expenditures. Further, funds allo-
21 cated under this section to States and political subdivi-
22 sions may be used as matching funds for other Federal
23 programs.

24 “(h) EFFECT OF FUTURE LAWS.—Enactment of any
25 future Federal statute that has the effect, as determined

1 by the Secretary, of restricting any Federal agency from
2 spending appropriated funds, or otherwise preventing it
3 from fulfilling its pre-existing responsibilities as of the
4 date of enactment of the statute, unless such responsibil-
5 ities have been reassigned to another Federal agency by
6 the statute with no prevention of performance, to issue
7 any permit or other approval impacting on the OCS oil
8 and gas leasing program, or any lease issued thereunder,
9 or to implement any provision of this Act shall automati-
10 cally prohibit any sharing of OCS Receipts under this sec-
11 tion directly with the States, and their coastal political
12 subdivisions, for the duration of the restriction. The Sec-
13 retary shall make the determination of the existence of
14 such restricting effects within 30 days of a petition by any
15 outer Continental Shelf lessee or producing State.

16 “(i) DEFINITIONS.—In this section:

17 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL
18 SUBDIVISION.—The term ‘coastal county-equivalent
19 political subdivision’ means a political jurisdiction
20 immediately below the level of State government, in-
21 cluding a county, parish, borough in Alaska, inde-
22 pendent municipality not part of a county, parish, or
23 borough in Alaska, or other equivalent subdivision of
24 a coastal State, that lies within the coastal zone.

1 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-
2 SION.—The term ‘coastal municipal political subdivi-
3 sion’ means a municipality located within and part
4 of a county, parish, borough in Alaska, or other
5 equivalent subdivision of a State, all or part of which
6 coastal municipal political subdivision lies within the
7 coastal zone.

8 “(3) COASTAL POPULATION.—The term ‘coastal
9 population’ means the population of all coastal coun-
10 ty-equivalent political subdivisions, as determined by
11 the most recent official data of the Census Bureau.

12 “(4) COASTAL ZONE.—The term ‘coastal zone’
13 means that portion of a coastal State, including the
14 entire territory of any coastal county-equivalent po-
15 litical subdivision at least a part of which lies, within
16 75 miles landward from the coastline, or a greater
17 distance as determined by State law enacted to im-
18 plement this section.

19 “(5) BONUS BIDS.—The term ‘bonus bids’
20 means all funds received by the Secretary to issue
21 an outer Continental Shelf minerals lease.

22 “(6) ROYALTIES.—The term ‘royalties’ means
23 all funds received by the Secretary from production
24 of oil or natural gas, or the sale of production taken

1 in-kind, from an outer Continental Shelf minerals
2 lease.

3 “(7) PRODUCING STATE.—The term ‘producing
4 State’ means an Adjacent State having an Adjacent
5 Zone containing leased tracts from which OCS Re-
6 ceipts were derived.

7 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’
8 means bonus bids and royalties.”.

9 **SEC. 8. REVIEW OF OUTER CONTINENTAL SHELF EXPLO-**
10 **RATION PLANS.**

11 Subsections (c) and (d) of section 11 of the Outer
12 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-
13 ed to read as follows:

14 “(c) PLAN REVIEW; PLAN PROVISIONS.—

15 “(1) Except as otherwise provided in this Act,
16 prior to commencing exploration pursuant to any oil
17 and gas lease issued or maintained under this Act,
18 the holder thereof shall submit an exploration plan
19 (hereinafter in this section referred to as a ‘plan’) to
20 the Secretary for review which shall include all infor-
21 mation and documentation required under para-
22 graphs (2) and (3). The Secretary shall review the
23 plan for completeness within 10 days of submission.
24 If the Secretary finds that the plan is not complete,
25 the Secretary shall notify the lessee with a detailed

1 explanation and require such modifications of such
2 plan as are necessary to achieve completeness. The
3 Secretary shall have 10 days to review a modified
4 plan for completeness. Such plan may apply to more
5 than one lease held by a lessee in any one region of
6 the outer Continental Shelf, or by a group of lessees
7 acting under a unitization, pooling, or drilling agree-
8 ment, and the lessee shall certify that such plan is
9 consistent with the terms of the lease and is con-
10 sistent with all statutory and regulatory require-
11 ments in effect on the date of issuance of the lease.
12 The Secretary shall have 30 days from the date the
13 plan is deemed complete to conduct a review of the
14 plan. If the Secretary finds the plan is not con-
15 sistent with the lease and all such statutory and reg-
16 ulatory requirements, the Secretary shall notify the
17 lessee with a detailed explanation of such modifica-
18 tions of such plan as are necessary to achieve com-
19 pliance. The Secretary shall have 30 days to review
20 any modified plan submitted by the lessee. The les-
21 see shall not take any action under the exploration
22 plan within the 30-day review period, or thereafter
23 until the plan has been modified to achieve compli-
24 ance as so notified.

1 “(2) An exploration plan submitted under this
2 subsection shall include, in the degree of detail
3 which the Secretary may by regulation require—

4 “(A) a schedule of anticipated exploration
5 activities to be undertaken;

6 “(B) a description of equipment to be used
7 for such activities;

8 “(C) the general location of each well to be
9 drilled; and

10 “(D) such other information deemed perti-
11 nent by the Secretary.

12 “(3) The Secretary may, by regulation, require
13 that such plan be accompanied by a general state-
14 ment of development and production intentions
15 which shall be for planning purposes only and which
16 shall not be binding on any party.

17 “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION
18 ACTIVITIES.—

19 “(1) If a significant revision of an exploration
20 plan under this subsection is submitted to the Sec-
21 retary, the process to be used for the review of such
22 revision shall be the same as set forth in subsection
23 (c) of this section.

24 “(2) All exploration activities pursuant to any
25 lease shall be conducted in accordance with an explo-

1 ration plan or a revised plan which has been sub-
2 mitted to and reviewed by the Secretary.”.

3 **SEC. 9. RESERVATION OF LANDS AND RIGHTS.**

4 Section 12 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1341) is amended—

6 (1) in subsection (a) by adding at the end the
7 following: “The President may partially or com-
8 pletely revise or revoke any prior withdrawal made
9 by the President under the authority of this section.
10 The President may not revise or revoke a withdrawal
11 that was initiated by a petition from a State and ap-
12 proved by the Secretary of the Interior under sub-
13 section (h). A withdrawal by the President may be
14 for a term not to exceed 10 years. In considering a
15 potential withdrawal under this subsection, to the
16 maximum extent practicable the President shall ac-
17 commodate competing interests and potential uses of
18 the outer Continental Shelf.”;

19 (2) by adding at the end the following:

20 “(g) OPTION TO PETITION FOR LEASING WITHIN
21 CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

22 “(1) PROHIBITION AGAINST LEASING.—Except
23 as otherwise provided in this subsection, prior to
24 June 30, 2012, the Secretary shall not offer for leas-
25 ing for oil and gas, or for natural gas, any area

1 withdrawn from disposition by leasing in the Atlan-
2 tic OCS Region or the Pacific OCS Region, or the
3 Gulf of Mexico OCS Region Eastern Planning Area,
4 as depicted on the map referred to within this para-
5 graph, under the ‘Memorandum on Withdrawal of
6 Certain Areas of the United States Outer Conti-
7 nental Shelf from Leasing Disposition’, 34 Weekly
8 Comp. Pres. Doc. 1111, dated June 12, 1998, or
9 any area not withdrawn under that Memorandum
10 that is included within the Gulf of Mexico OCS Re-
11 gion Eastern Planning Area as indicated on the map
12 entitled ‘Gulf of Mexico OCS Region State Adjacent
13 Zones and OCS Planning Areas’ or within the Flor-
14 ida Straits Planning Area as indicated on the map
15 entitled ‘Atlantic OCS Region State Adjacent Zones
16 and OCS Planning Areas’, both of which are dated
17 September 2005 and on file in the Office of the Di-
18 rector, Minerals Management Service.

19 “(2) REVOCATION OF WITHDRAWAL.—The pro-
20 visions of the ‘Memorandum on Withdrawal of Cer-
21 tain Areas of the United States Outer Continental
22 Shelf from Leasing Disposition’, 34 Weekly Comp.
23 Pres. Doc. 1111, dated June 12, 1998, are hereby
24 revoked and are no longer in effect regarding any
25 areas included within the Gulf of Mexico OCS Re-

1 gion Central Planning Area as indicated on the map
2 entitled ‘Gulf of Mexico OCS Region State Adjacent
3 Zones and OCS Planning Areas’ dated September
4 2005 and on file in the Office of the Director, Min-
5 erals Management Service. The 2002–2007 5-Year
6 Outer Continental Shelf Oil and Gas Leasing Pro-
7 gram is hereby amended to include the areas added
8 to the Gulf of Mexico OCS Region Central Planning
9 Area by this Act to the extent that such areas were
10 included within the original boundaries of proposed
11 Lease Sale 181. The amendment to such leasing
12 program includes two sales in such additional areas,
13 one of which shall be held in January 2007 and one
14 of which shall be held in June 2007. The Final En-
15 vironmental Impact Statement prepared for this
16 area for Lease Sale 181 shall be deemed sufficient
17 for all purposes for each lease sale in which such
18 area is offered for lease during the 2002–2007 5-
19 Year Outer Continental Shelf Oil and Gas Leasing
20 Program without need for supplementation. Any
21 tract only partially added to the Gulf of Mexico OCS
22 Region Central Planning Area by this Act shall be
23 eligible for leasing of the part of such tract that is
24 included within the Gulf of Mexico OCS Region Cen-
25 tral Planning Area, and the remainder of such tract

1 that lies outside of the Gulf of Mexico OCS Region
2 Central Planning Area may be developed and pro-
3 duced by the lessee of such partial tract using ex-
4 tended reach or similar drilling from a location on
5 a leased area.

6 “(3) PETITION FOR LEASING.—

7 “(A) IN GENERAL.—The Governor of the
8 State, upon concurrence of its legislature, may
9 submit to the Secretary a petition requesting
10 that the Secretary make available any area that
11 is within the State’s Adjacent Zone, included
12 within the provisions of paragraph (1), and that
13 (i) is greater than 25 miles from any point on
14 the coastline of a Neighboring State for the
15 conduct of offshore leasing, pre-leasing, and re-
16 lated activities with respect to natural gas leas-
17 ing; or (ii) is greater than 50 miles from any
18 point on the coastline of a Neighboring State
19 for the conduct of offshore leasing, pre-leasing,
20 and related activities with respect to oil and gas
21 leasing. The Adjacent State may also petition
22 for leasing any other area within its Adjacent
23 Zone if leasing is allowed in the similar area of
24 the Adjacent Zone of the applicable Neigh-
25 boring State, or if not allowed, if the Neigh-

1 boring State, acting through its Governor, ex-
2 presses its concurrence with the petition. The
3 Secretary shall only consider such a petition
4 upon making a finding that leasing is allowed
5 in the similar area of the Adjacent Zone of the
6 applicable Neighboring State or upon receipt of
7 the concurrence of the Neighboring State. The
8 date of receipt by the Secretary of such concu-
9 rence by the Neighboring State shall constitute
10 the date of receipt of the petition for that area
11 for which the concurrence applies. A petition
12 for leasing any part of the Alabama Adjacent
13 Zone that is a part of the Gulf of Mexico East-
14 ern Planning Area, as indicated on the map en-
15 titled ‘Gulf of Mexico OCS Region State Adja-
16 cent Zones and OCS Planning Areas’ which is
17 dated September 2005 and on file in the Office
18 of the Director, Minerals Management Service,
19 shall require the concurrence of both Alabama
20 and Florida.

21 “(B) LIMITATIONS ON LEASING.—In its
22 petition, a State with an Adjacent Zone that
23 contains leased tracts may condition oil and
24 gas, or natural gas, new leasing for tracts with-
25 in 25 miles of the coastline by—

1 “(i) requiring a net reduction in the
2 number of production platforms;

3 “(ii) requiring a net increase in the
4 average distance of production platforms
5 from the coastline;

6 “(iii) limiting permanent surface occu-
7 pancy on new leases to areas that are more
8 than 10 miles from the coastline;

9 “(iv) limiting some tracts to being
10 produced from shore or from platforms lo-
11 cated on other tracts; or

12 “(v) other conditions that the Adja-
13 cent State may deem appropriate as long
14 as the Secretary does not determine that
15 production is made economically or tech-
16 nically impracticable or otherwise impos-
17 sible.

18 “(C) ACTION BY SECRETARY.—Not later
19 than 90 days after receipt of a petition under
20 subparagraph (A), the Secretary shall approve
21 the petition, unless the Secretary determines
22 that leasing the area would probably cause seri-
23 ous harm or damage to the marine resources of
24 the State’s Adjacent Zone. Prior to approving
25 the petition, the Secretary shall complete an en-

1 vironmental assessment that documents the an-
2 ticipated environmental effects of leasing in the
3 area included within the scope of the petition.

4 “(D) FAILURE TO ACT.—If the Secretary
5 fails to approve or deny a petition in accordance
6 with subparagraph (C) the petition shall be con-
7 sidered to be approved 90 days after receipt of
8 the petition.

9 “(E) AMENDMENT OF THE 5-YEAR LEAS-
10 ING PROGRAM.—Notwithstanding section 18,
11 within 180 days of the approval of a petition
12 under subparagraph (C) or (D), the Secretary
13 shall amend the current 5-Year Outer Conti-
14 nental Shelf Oil and Gas Leasing Program to
15 include a lease sale or sales for the entire area
16 covered by the approved petition, unless there
17 are, from the date of approval, fewer than 12
18 months remaining in the current 5-Year Leas-
19 ing Program in which case the Secretary shall
20 include the areas covered by the approved peti-
21 tion within lease sales under the next 5-Year
22 Leasing Program. For purposes of amending
23 the 5-Year Program in accordance with this
24 section, further consultations with States shall
25 not be required. The environmental assessment

1 performed under the provisions of the National
2 Environmental Policy Act of 1969 to assess the
3 effects of approving the petition shall be suffi-
4 cient to amend the 5-Year Leasing Program.

5 “(h) OPTION TO PETITION FOR EXTENSION OF
6 WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS
7 OF THE OUTER CONTINENTAL SHELF.—

8 “(1) IN GENERAL.—The Governor of the State,
9 upon the concurrence of its legislature, may submit
10 to the Secretary petitions requesting that the Sec-
11 retary extend for a period of time of up to 5 years
12 for each petition the withdrawal from leasing for all
13 or part of any area within the State’s Adjacent Zone
14 within 125 miles of the coastline that is subject to
15 subsection (g)(1). A State may petition multiple
16 times for any particular area but not more than
17 once per calendar year for any particular area. A
18 State must submit separate petitions, with separate
19 votes by its legislature, for areas within 50 miles of
20 the coastline, areas more than 50 miles but not ex-
21 ceeding 100 miles from the coastline, and areas ex-
22 ceeding 100 miles but not exceeding 125 miles from
23 the coastline. A petition of a State may apply to ei-
24 ther oil and gas leasing or natural gas leasing, or
25 both, and may request some areas to be withdrawn

1 from all leasing and some areas to be withdrawn
2 only from one type of leasing. A petition for extend-
3 ing the withdrawal from leasing of any part of the
4 Alabama Adjacent Zone that is a part of the Gulf
5 of Mexico OCS Region Eastern Planning Area, as
6 indicated on the map entitled ‘Gulf of Mexico OCS
7 Region State Adjacent Zones and OCS Planning
8 Areas’ which is dated September 2005 and on file in
9 the Office of the Director, Minerals Management
10 Service, may be made by either Alabama or Florida.

11 “(2) ACTION BY SECRETARY.—The Secretary
12 shall perform an environmental assessment under
13 the National Environmental Policy Act of 1969 to
14 assess the effects of approving the petition under
15 paragraph (1). Not later than 90 days after receipt
16 of the petition, the Secretary shall approve the peti-
17 tion, unless the Secretary determines that extending
18 the withdrawal from leasing would probably cause
19 serious harm or damage to the marine resources of
20 the State’s Adjacent Zone. The Secretary shall not
21 approve a petition from a State that extends the re-
22 maining period of a withdrawal of an area from leas-
23 ing for a total of more than 10 years. However, the
24 Secretary may approve petitions to extend the with-
25 drawal from leasing of any area ad infinitum, sub-

1 ject only to the limitations contained in this sub-
2 section.

3 “(3) FAILURE TO ACT.—If the Secretary fails
4 to approve or deny a petition in accordance with
5 paragraph (2) the petition shall be considered to be
6 approved 90 days after receipt of the petition.

7 “(i) EFFECT OF OTHER LAWS.—Adoption by any
8 Adjacent State of any constitutional provision, or enact-
9 ment of any State statute, that has the effect, as deter-
10 mined by the Secretary, of restricting either the Governor
11 or the Legislature, or both, from exercising full discretion
12 related to subsection (g) or (h), or both, shall automati-
13 cally (1) prohibit any sharing of OCS Receipts under this
14 Act with the Adjacent State, and its coastal political sub-
15 divisions, and (2) prohibit the Adjacent State from exer-
16 cising any authority under subsection (h), for the duration
17 of the restriction. The Secretary shall make the determina-
18 tion of the existence of such restricting constitutional pro-
19 vision or State statute within 30 days of a petition by any
20 outer Continental Shelf lessee or coastal State.”.

21 **SEC. 10. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

22 Section 18 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1344) is amended—

24 (1) in subsection (a), by adding at the end of
25 paragraph (3) the following: “The Secretary shall, in

1 each 5-year program, include lease sales that when
2 viewed as a whole propose to offer for oil and gas
3 or natural gas leasing at least 75 percent of the
4 available unleased acreage within each OCS Plan-
5 ning Area. Available unleased acreage is that portion
6 of the outer Continental Shelf that is not under
7 lease at the time of the proposed lease sale, and has
8 not otherwise been made unavailable for leasing by
9 law.”;

10 (2) in subsection (c), by striking so much as
11 precedes paragraph (3) and inserting the following:

12 “(c)(1) During the preparation of any proposed leas-
13 ing program under this section, the Secretary shall con-
14 sider and analyze leasing throughout the entire Outer
15 Continental Shelf without regard to any other law affect-
16 ing such leasing. During this preparation the Secretary
17 shall invite and consider suggestions from any interested
18 Federal agency, including the Attorney General, in con-
19 sultation with the Federal Trade Commission, and from
20 the Governor of any coastal State. The Secretary may also
21 invite or consider any suggestions from the executive of
22 any local government in a coastal State that have been
23 previously submitted to the Governor of such State, and
24 from any other person. Further, the Secretary shall con-
25 sult with the Secretary of Defense regarding military oper-

1 ational needs in the outer Continental Shelf. The Sec-
2 retary shall work with the Secretary of Defense to resolve
3 any conflicts that might arise regarding offering any area
4 of the outer Continental Shelf for oil and gas or natural
5 gas leasing. If the Secretaries are not able to resolve all
6 such conflicts, any unresolved issues shall be elevated to
7 the President for resolution.

8 “(2) After the consideration and analysis required by
9 paragraph (1), including the consideration of the sugges-
10 tions received from any interested Federal agency, the
11 Federal Trade Commission, the Governor of any coastal
12 State, any local government of a coastal State, and any
13 other person, the Secretary shall publish in the Federal
14 Register a proposed leasing program accompanied by a
15 draft environmental impact statement prepared pursuant
16 to the National Environmental Policy Act of 1969. After
17 the publishing of the proposed leasing program and during
18 the comment period provided for on the draft environ-
19 mental impact statement, the Secretary shall submit a
20 copy of the proposed program to the Governor of each af-
21 fected State for review and comment. The Governor may
22 solicit comments from those executives of local govern-
23 ments in the Governor’s State that the Governor, in the
24 discretion of the Governor, determines will be affected by
25 the proposed program. If any comment by such Governor

1 is received by the Secretary at least 15 days prior to sub-
2 mission to the Congress pursuant to paragraph (3) and
3 includes a request for any modification of such proposed
4 program, the Secretary shall reply in writing, granting or
5 denying such request in whole or in part, or granting such
6 request in such modified form as the Secretary considers
7 appropriate, and stating the Secretary's reasons therefor.
8 All such correspondence between the Secretary and the
9 Governor of any affected State, together with any addi-
10 tional information and data relating thereto, shall accom-
11 pany such proposed program when it is submitted to the
12 Congress.”; and

13 (3) by adding at the end the following:

14 “(i) PROJECTION OF STATE ADJACENT ZONE RE-
15 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES
16 OF OCS RECEIPTS.—Concurrent with the publication of
17 the scoping notice at the beginning of the development of
18 each 5-year outer Continental Shelf oil and gas leasing
19 program, or as soon thereafter as possible, the secretary
20 shall—

21 “(1) provide to each Adjacent State a cur-
22 rent estimate of proven and potential oil and
23 gas resources located within the State's Adja-
24 cent Zone; and

1 “(2) provide to each Adjacent State, and
2 coastal political subdivisions thereof, a best-ef-
3 forts projection of the OCS Receipts that the
4 Secretary expects will be shared with each Ad-
5 jacent State, and its coastal political subdivi-
6 sions, using the assumption that the unleased
7 tracts within the State’s Adjacent Zone are
8 fully made available for leasing, including long-
9 term projected OCS Receipts. In addition, the
10 Secretary shall include a macroeconomic esti-
11 mate of the impact of such leasing on the na-
12 tional economy and each State’s economy, in-
13 cluding investment, jobs, revenues, personal in-
14 come, and other categories.”.

15 **SEC. 11. COORDINATION WITH ADJACENT STATES.**

16 Section 19 of the Outer Continental Shelf Lands Act
17 (43 U.S.C. 1345) is amended—

18 (1) in subsection (a) in the first sentence by in-
19 serting “, for any tract located within the Adjacent
20 State’s Adjacent Zone,” after “government”; and

21 (2) by adding the following:

22 “(f)(1) No Federal agency may permit or otherwise
23 approve, without the concurrence of the Adjacent State,
24 the construction of a crude oil or petroleum products (or
25 both) pipeline within the part of the Adjacent State’s Ad-

1 jacent Zone that is not available by law for oil and gas
2 or natural gas leasing, except that such a pipeline may
3 be approved to pass through such Adjacent Zone if at least
4 50 percent of the production projected to be carried by
5 the pipeline within its first 10 years of operation is from
6 areas of the Adjacent State’s Adjacent Zone.

7 “(2) No State may prohibit the construction
8 within its Adjacent Zone or its State waters of a
9 natural gas pipeline that will transport natural gas
10 produced from the outer Continental Shelf. How-
11 ever, an Adjacent State may prevent a proposed nat-
12 ural gas pipeline landing location if it proposes two
13 alternate landing locations in the Adjacent State, ac-
14 ceptable to the Adjacent State, located within 50
15 miles on either side of the proposed landing loca-
16 tion.”.

17 **SEC. 12. ENVIRONMENTAL STUDIES.**

18 Section 20(d) of the Outer Continental Shelf Lands
19 Act (43 U.S.C. 1346) is amended—

20 (1) by inserting “(1)” after “(d)”; and

21 (2) by adding at the end the following:

22 “(2) For all programs, lease sales, leases, and
23 actions under this Act, the following shall apply re-
24 garding the application of the National Environ-
25 mental Policy Act of 1969:

1 “(A) Granting or directing lease suspen-
2 sions and the conduct of all preliminary activi-
3 ties on outer Continental Shelf tracts, including
4 seismic activities, are categorically excluded
5 from the need to prepare either an environ-
6 mental assessment or an environmental impact
7 statement, and the Secretary shall not be re-
8 quired to analyze whether any exceptions to a
9 categorical exclusion apply for activities con-
10 ducted under the authority of this Act.

11 “(B) The environmental impact statement
12 developed in support of each 5-year oil and gas
13 leasing program provides the environmental
14 analysis for all lease sales to be conducted
15 under the program and such sales shall not be
16 subject to further environmental analysis.

17 “(C) Exploration plans shall not be subject
18 to any requirement to prepare an environmental
19 impact statement, and the Secretary may find
20 that exploration plans are eligible for categor-
21 ical exclusion due to the impacts already being
22 considered within an environmental impact
23 statement or due to mitigation measures in-
24 cluded within the plan.

1 “(D) Within each OCS Planning Area,
2 after the preparation of the first development
3 and production plan environmental impact
4 statement for a leased tract within the Area, fu-
5 ture development and production plans for
6 leased tracts within the Area shall only require
7 the preparation of an environmental assessment
8 unless the most recent development and produc-
9 tion plan environmental impact statement with-
10 in the Area was finalized more than 10 years
11 prior to the date of the approval of the plan, in
12 which case an environmental impact statement
13 shall be required.”.

14 **SEC. 13. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
15 **OPMENT AND PRODUCTION PLANS.**

16 Section 25 of the Outer Continental Shelf Lands Act
17 (43 U.S.C. 1351(a)) is amended to read as follows:

18 **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
19 **OPMENT AND PRODUCTION PLANS.**

20 “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-
21 MISSION TO SECRETARY; STATEMENT OF FACILITIES AND
22 OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED
23 STATES AND LOCAL GOVERNMENTS.—

24 “(1) Prior to development and production pur-
25 suant to an oil and gas lease issued on or after Sep-

1 tember 18, 1978, for any area of the outer Conti-
2 nental Shelf, or issued or maintained prior to Sep-
3 tember 18, 1978, for any area of the outer Conti-
4 nental Shelf, with respect to which no oil or gas has
5 been discovered in paying quantities prior to Sep-
6 tember 18, 1978, the lessee shall submit a develop-
7 ment and production plan (hereinafter in this sec-
8 tion referred to as a ‘plan’) to the Secretary for re-
9 view.

10 “(2) A plan shall be accompanied by a state-
11 ment describing all facilities and operations, other
12 than those on the outer Continental Shelf, proposed
13 by the lessee and known by the lessee (whether or
14 not owned or operated by such lessee) that will be
15 constructed or utilized in the development and pro-
16 duction of oil or gas from the lease area, including
17 the location and site of such facilities and oper-
18 ations, the land, labor, material, and energy require-
19 ments associated with such facilities and operations,
20 and all environmental and safety safeguards to be
21 implemented.

22 “(3) Except for any privileged or proprietary
23 information (as such term is defined in regulations
24 issued by the Secretary), the Secretary, within 30
25 days after receipt of a plan and statement, shall—

1 “(A) submit such plan and statement to
2 the Governor of any affected State, and upon
3 request to the executive of any affected local
4 government; and

5 “(B) make such plan and statement avail-
6 able to any appropriate interstate regional enti-
7 ty and the public.

8 “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES
9 IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—
10 After enactment of the Domestic Energy Production
11 through Offshore Exploration and Equitable Treatment of
12 State Holdings Act of 2006, no oil and gas lease may be
13 issued pursuant to this Act in any region of the outer Con-
14 tinental Shelf, unless such lease requires that development
15 and production activities be carried out in accordance with
16 a plan that complies with the requirements of this section.
17 This section shall also apply to leases that do not have
18 an approved development and production plan as of the
19 date of enactment of the Domestic Energy Production
20 through Offshore Exploration and Equitable Treatment of
21 State Holdings Act of 2006.

22 “(c) SCOPE AND CONTENTS OF PLAN.—A plan may
23 apply to more than one oil and gas lease, and shall set
24 forth, in the degree of detail established by regulations
25 issued by the Secretary—

1 “(1) the general work to be performed;

2 “(2) a description of all facilities and operations
3 located on the outer Continental Shelf that are pro-
4 posed by the lessee or known by the lessee (whether
5 or not owned or operated by such lessee) to be di-
6 rectly related to the proposed development, including
7 the location and size of such facilities and oper-
8 ations, and the land, labor, material, and energy re-
9 quirements associated with such facilities and oper-
10 ations;

11 “(3) the environmental safeguards to be imple-
12 mented on the outer Continental Shelf and how such
13 safeguards are to be implemented;

14 “(4) all safety standards to be met and how
15 such standards are to be met;

16 “(5) an expected rate of development and pro-
17 duction and a time schedule for performance; and

18 “(6) such other relevant information as the Sec-
19 retary may by regulation require.

20 “(d) COMPLETENESS REVIEW OF THE PLAN.—

21 “(1) Prior to commencing any activity under a
22 development and production plan pursuant to any oil
23 and gas lease issued or maintained under this Act,
24 the lessee shall certify that the plan is consistent
25 with the terms of the lease and that it is consistent

1 with all statutory and regulatory requirements in ef-
2 fect on the date of issuance of the lease. The plan
3 shall include all required information and docu-
4 mentation required under subsection (c).

5 “(2) The Secretary shall review the plan for
6 completeness within 30 days of submission. If the
7 Secretary finds that the plan is not complete, the
8 Secretary shall notify the lessee with a detailed ex-
9 planation of such modifications of such plan as are
10 necessary to achieve completeness. The Secretary
11 shall have 30 days to review a modified plan for
12 completeness.

13 “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

14 “(1) After a determination that a plan is com-
15 plete, the Secretary shall have 120 days to conduct
16 a review of the plan, to ensure that it is consistent
17 with the terms of the lease, and that it is consistent
18 with all such statutory and regulatory requirements
19 applicable to the lease. The review shall ensure that
20 the plan is consistent with lease terms, and statutory
21 and regulatory requirements applicable to the lease,
22 related to national security or national defense, in-
23 cluding any military operating stipulations or other
24 restrictions. The Secretary shall seek the assistance
25 of the Department of Defense in the conduct of the

1 review of any plan prepared under this section for
2 a lease containing military operating stipulations or
3 other restrictions and shall accept the assistance of
4 the Department of Defense in the conduct of the re-
5 view of any plan prepared under this section for any
6 other lease when the Secretary of Defense requests
7 an opportunity to participate in the review. If the
8 Secretary finds that the plan is not consistent, the
9 Secretary shall notify the lessee with a detailed ex-
10 planation of such modifications of such plan as are
11 necessary to achieve consistency.

12 “(2) The Secretary shall have 120 days to re-
13 view a modified plan.

14 “(3) The lessee shall not conduct any activities
15 under the plan during any 120-day review period, or
16 thereafter until the plan has been modified to
17 achieve compliance as so notified.

18 “(4) After review by the Secretary provided for
19 by this section, a lessee may operate pursuant to the
20 plan without further review or approval by the Sec-
21 retary.

22 “(f) REVIEW OF REVISION OF THE APPROVED
23 PLAN.—The lessee may submit to the Secretary any revi-
24 sion of a plan if the lessee determines that such revision
25 will lead to greater recovery of oil and natural gas, im-

1 prove the efficiency, safety, and environmental protection
2 of the recovery operation, is the only means available to
3 avoid substantial economic hardship to the lessee, or is
4 otherwise not inconsistent with the provisions of this Act,
5 to the extent such revision is consistent with protection
6 of the human, marine, and coastal environments. The
7 process to be used for the review of any such revision shall
8 be the same as that set forth in subsections (d) and (e).

9 “(g) CANCELLATION OF LEASE ON FAILURE TO SUB-
10 MIT PLAN OR COMPLY WITH A PLAN.—Whenever the
11 owner of any lease fails to submit a plan in accordance
12 with regulations issued under this section, or fails to com-
13 ply with a plan, the lease may be canceled in accordance
14 with section 5(c) and (d). Termination of a lease because
15 of failure to comply with a plan, including required modi-
16 fications or revisions, shall not entitle a lessee to any com-
17 pensation.

18 “(h) PRODUCTION AND TRANSPORTATION OF NAT-
19 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY
20 REGULATORY COMMISSION; IMPACT STATEMENT.—If any
21 development and production plan submitted to the Sec-
22 retary pursuant to this section provides for the production
23 and transportation of natural gas, the lessee shall contem-
24 poraneously submit to the Federal Energy Regulatory
25 Commission that portion of such plan that relates to the

1 facilities for transportation of natural gas. The Secretary
2 and the Federal Energy Regulatory Commission shall
3 agree as to which of them shall prepare an environmental
4 impact statement pursuant to the National Environmental
5 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable
6 to such portion of such plan, or conduct studies as to the
7 effect on the environment of implementing it. Thereafter,
8 the findings and recommendations by the agency pre-
9 paring such environmental impact statement or con-
10 ducting such studies pursuant to such agreement shall be
11 adopted by the other agency, and such other agency shall
12 not independently prepare another environmental impact
13 statement or duplicate such studies with respect to such
14 portion of such plan, but the Federal Energy Regulatory
15 Commission, in connection with its review of an applica-
16 tion for a certificate of public convenience and necessity
17 applicable to such transportation facilities pursuant to sec-
18 tion 7 of the Natural Gas Act (15 U.S.C. 717f), may pre-
19 pare such environmental studies or statement relevant to
20 certification of such transportation facilities as have not
21 been covered by an environmental impact statement or
22 studies prepared by the Secretary. The Secretary, in con-
23 sultation with the Federal Energy Regulatory Commis-
24 sion, shall promulgate rules to implement this subsection,
25 but the Federal Energy Regulatory Commission shall re-

1 tain sole authority with respect to rules and procedures
2 applicable to the filing of any application with the Com-
3 mission and to all aspects of the Commission's review of,
4 and action on, any such application.”.

5 **SEC. 14. FEDERAL ENERGY NATURAL RESOURCES EN-**
6 **HANCEMENT FUND ACT OF 2006.**

7 (a) FINDINGS.—The Congress finds the following:

8 (1) Energy and minerals exploration, develop-
9 ment, and production on Federal onshore and off-
10 shore lands, including bio-based fuel, natural gas,
11 minerals, oil, geothermal, and power from wind,
12 waves, currents, and thermal energy, involves signifi-
13 cant outlays of funds by Federal and State wildlife,
14 fish, and natural resource management agencies for
15 environmental studies, planning, development, moni-
16 toring, and management of wildlife, fish, air, water,
17 and other natural resources.

18 (2) State wildlife, fish, and natural resource
19 management agencies are funded primarily through
20 permit and license fees paid to the States by the
21 general public to hunt and fish, and through Federal
22 excise taxes on equipment used for these activities.

23 (3) Funds generated from consumptive and rec-
24 reational uses of wildlife, fish, and other natural re-
25 sources currently are inadequate to address the nat-

1 ural resources related to energy and minerals devel-
2 opment on Federal onshore and offshore lands.

3 (4) Funds available to Federal agencies respon-
4 sible for managing Federal onshore and offshore
5 lands and Federal-trust wildlife and fish species and
6 their habitats are inadequate to address the natural
7 resources related to energy and minerals develop-
8 ment on Federal onshore and offshore lands.

9 (5) Receipts derived from sales, bonus bids, and
10 royalties under the mineral leasing laws of the
11 United States are paid to the Treasury through the
12 Minerals Management Service of the Department of
13 the Interior.

14 (6) None of the receipts derived from sales,
15 bonus bids, and royalties under the minerals leasing
16 laws of the United States are paid to the Federal or
17 State agencies to examine, monitor, and manage
18 wildlife, fish, air, water, and other natural resources
19 related to natural gas, oil, and mineral exploration
20 and development.

21 (b) PURPOSES.—It is the purpose of this section to—

22 (1) establish a fund for the monitoring and
23 management of wildlife and fish, and their habitats,
24 and air, water, and other natural resources related

1 to energy and minerals development on Federal on-
2 shore and offshore lands;

3 (2) make available receipts derived from sales,
4 bonus bids, and royalties from onshore and offshore
5 gas, mineral, oil, and any additional form of energy
6 exploration and development under the laws of the
7 United States for the purposes of such fund;

8 (3) distribute funds from such fund each fiscal
9 year to the Secretary of the Interior and the States;
10 and

11 (4) use the distributed funds to secure the nec-
12 essary trained workforce or contractual services to
13 conduct environmental studies, planning, develop-
14 ment, monitoring, and post-development manage-
15 ment of wildlife and fish and their habitats and air,
16 water, and other natural resources that may be re-
17 lated to bio-based fuel, gas, mineral, oil, wind, or
18 other energy exploration, development, transpor-
19 tation, transmission, and associated activities on
20 Federal onshore and offshore lands, including, but
21 not limited to—

22 (A) pertinent research, surveys, and envi-
23 ronmental analyses conducted to identify any
24 impacts on wildlife, fish, air, water, and other
25 natural resources from energy and mineral ex-

1 ploration, development, production, and trans-
2 portation or transmission;

3 (B) projects to maintain, improve, or en-
4 hance wildlife and fish populations and their
5 habitats or air, water, or other natural re-
6 sources, including activities under the Endan-
7 gered Species Act of 1973;

8 (C) research, surveys, environmental anal-
9 yses, and projects that assist in managing, in-
10 cluding mitigating either onsite or offsite, or
11 both, the impacts of energy and mineral activi-
12 ties on wildlife, fish, air, water, and other nat-
13 ural resources; and

14 (D) projects to teach young people to live
15 off the land.

16 (c) DEFINITIONS.—In this section:

17 (1) ENHANCEMENT FUND.—The term “En-
18 hancement Fund” means the Federal Energy Nat-
19 ural Resources Enhancement Fund established by
20 subsection (d).

21 (2) STATE.—The term “State” means the State
22 government agency primarily responsible for fish
23 and wildlife trust resources within a State.

24 (d) ESTABLISHMENT AND USE OF FEDERAL ENERGY
25 NATURAL RESOURCES ENHANCEMENT FUND.—

1 (1) ENHANCEMENT FUND.—There is estab-
2 lished in the Treasury a separate account to be
3 known as the “Federal Energy Natural Resources
4 Enhancement Fund”.

5 (2) FUNDING.—The Secretary of the Treasury
6 shall deposit in the Enhancement Fund—

7 (A) such sums as are provided by sections
8 9(b)(5)(A)(ii), 9(b)(5)(B)(ii), 9(c)(4)(A)(ii), and
9 9(c)(4)(B)(ii) of the Outer Continental Shelf
10 Lands Act, as amended by this Act;

11 (B)(i) during the period of October 1,
12 2006, through September 30, 2015, 0.5 percent
13 of all sums paid into the Treasury under sec-
14 tion 35 of the Mineral Leasing Act (30 U.S.C.
15 191), and

16 (ii) beginning October 1, 2015, and there-
17 after, 2.5 percent of all sums paid into the
18 Treasury under section 35 of the Mineral Leas-
19 ing Act (30 U.S.C. 191); and

20 (C)(i) during the period of October 1,
21 2006, through September 30, 2015, 0.5 percent
22 of all sums paid into the Treasury from receipts
23 derived from bonus bids and royalties from
24 other mineral leasing on public lands, and

1 (ii) beginning October 1, 2015, and there-
2 after, 2.5 percent of all sums paid into the
3 Treasury from receipts derived from bonus bids
4 and royalties from other mineral leasing on
5 public lands.

6 (3) INVESTMENTS.—The Secretary of the
7 Treasury shall invest the amounts deposited under
8 paragraph (2) and all accrued interest on the
9 amounts deposited under paragraph (2) only in in-
10 terest bearing obligations of the United States or in
11 obligations guaranteed as to both principal and in-
12 terest by the United States.

13 (4) PAYMENT TO SECRETARY OF THE INTE-
14 RIOR.—

15 (A) IN GENERAL.—Beginning with fiscal
16 year 2007, and in each fiscal year thereafter,
17 one-third of amounts deposited into the En-
18 hancement Fund, together with the interest
19 thereon, shall be available, without fiscal year
20 limitations, to the Secretary of the Interior for
21 use for the purposes described in (b)(4).

22 (B) WITHDRAWALS AND TRANSFER OF
23 FUNDS.—The Secretary of the Treasury shall
24 withdraw such amounts from the Enhancement
25 Fund as the Secretary of the Interior may re-

1 quest, subject to the limitation in (A), and
2 transfer such amounts to the Secretary of the
3 Interior to be used, at the discretion of the Sec-
4 retary of the Interior, by the Minerals Manage-
5 ment Service, the Bureau of Land Manage-
6 ment, and the United States Fish and Wildlife
7 Service for use for the purposes described in
8 subsection (b)(4).

9 (5) PAYMENT TO STATES.—

10 (A) IN GENERAL.—Beginning with fiscal
11 year 2007, and in each fiscal year thereafter,
12 two-thirds of amounts deposited into the En-
13 hancement Fund, together with the interest
14 thereon, shall be available, without fiscal year
15 limitations, to the States for use for the pur-
16 poses described in (b)(4).

17 (B) WITHDRAWALS AND TRANSFER OF
18 FUNDS.—Within the first 90 days of each fiscal
19 year, the Secretary of the Treasury shall with-
20 draw amounts from the Enhancement Fund
21 and transfer such amounts to the States based
22 on the proportion of all receipts that were col-
23 lected the previous fiscal year from Federal
24 leases within the boundaries of each State and
25 each State's outer Continental Shelf Adjacent

1 Zone as determined in accordance with section
2 4(a) of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1333(a)), as amended by this Act.

4 (C) USE OF PAYMENTS BY STATE.—Each
5 State shall use the payments made under sub-
6 paragraph (B) only for carrying out projects
7 and programs for the purposes described in
8 (b)(4).

9 (D) ENCOURAGE USE OF PRIVATE FUNDS
10 BY STATE.—Each State shall use the payments
11 made under subparagraph (B) to leverage pri-
12 vate funds for carrying out projects for the pur-
13 poses described in (b)(4).

14 (e) LIMITATION ON USE.—Amounts available under
15 this section may not be used for the purchase of any inter-
16 est in land.

17 (f) REPORTS TO CONGRESS.—

18 (1) IN GENERAL.—Beginning in fiscal year
19 2008 and continuing for each fiscal year thereafter,
20 the Secretary of the Interior and each State receiv-
21 ing funds from the Enhancement Fund shall submit
22 a report to the Committee on Energy and Natural
23 Resources of the Senate and the Committee on Re-
24 sources of the House of Representatives.

1 (2) REQUIRED INFORMATION.—Reports sub-
2 mitted to the Congress by the Secretary of the Inte-
3 rior and States under this subsection shall include
4 the following information regarding expenditures
5 during the previous fiscal year:

6 (A) A summary of pertinent scientific re-
7 search and surveys conducted to identify im-
8 pacts on wildlife, fish, and other natural re-
9 sources from energy and mineral developments.

10 (B) A summary of projects planned and
11 completed to maintain, improve or enhance
12 wildlife and fish populations and their habitats
13 or other natural resources.

14 (C) A list of additional actions that assist,
15 or would assist, in managing, including miti-
16 gating either onsite or offsite, or both, the im-
17 pacts of energy and mineral development on
18 wildlife, fish, and other natural resources.

19 (D) A summary of private (non-Federal)
20 funds used to plan, conduct, and complete the
21 plans and programs identified in paragraphs
22 (2)(A) and (2)(B).

1 **SEC. 15. TERMINATION OF EFFECT OF LAWS PROHIBITING**
2 **THE SPENDING OF APPROPRIATED FUNDS**
3 **FOR CERTAIN PURPOSES.**

4 All provisions of existing Federal law prohibiting the
5 spending of appropriated funds to conduct oil and natural
6 gas leasing and preleasing activities for any area of the
7 outer Continental Shelf shall have no force or effect.

8 **SEC. 16. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.**

9 (a) IN GENERAL.—No Federal agency may permit
10 construction or operation (or both) of any facility, or des-
11 ignate or maintain a restricted transportation corridor or
12 operating area on the Federal outer Continental Shelf or
13 in State waters, that will be incompatible with, as deter-
14 mined by the Secretary of the Interior, oil and gas or nat-
15 ural gas leasing and substantially full exploration and pro-
16 duction of tracts that are geologically prospective for oil
17 or natural gas (or both).

18 (b) EXCEPTIONS.—Subsection (a) shall not apply to
19 any facility, transportation corridor, or operating area the
20 construction, operation, designation, or maintenance of
21 which is or will be—

22 (1) located in an area of the outer Continental
23 Shelf that is unavailable for oil and gas or natural
24 gas leasing by operation of law;

1 (2) used for a military readiness activity (as de-
2 fined in section 315(f) of Public Law 107–314; 16
3 U.S.C. 703 note); or

4 (3) required in the national interest, as deter-
5 mined by the President.

6 **SEC. 17. REPURCHASE OF CERTAIN LEASES.**

7 (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**
8 **TAIN LEASES.**—The Secretary of the Interior shall repur-
9 chase and cancel any Federal oil and gas, geothermal,
10 coal, oil shale, tar sands, or other mineral lease, whether
11 onshore or offshore, if the Secretary finds that such lease
12 qualifies for repurchase and cancellation under the regula-
13 tions authorized by this section.

14 (b) **REGULATIONS.**—Not later than 365 days after
15 the date of the enactment of this Act, the Secretary shall
16 publish a final regulation stating the conditions under
17 which a lease referred to in subsection (a) would qualify
18 for repurchase and cancellation, and the process to be fol-
19 lowed regarding repurchase and cancellation. Such regula-
20 tion shall include, but not be limited to, the following:

21 (1) The Secretary shall repurchase and cancel
22 a lease after written request by the lessee upon a
23 finding by the Secretary that—

24 (A) a request by the lessee for a required
25 permit or other approval complied with applica-

1 ble law, except the Coastal Zone Management
2 Act of 1972 (16 U.S.C. 1451 et seq.), and
3 terms of the lease and such permit or other ap-
4 proval was denied;

5 (B) a Federal agency failed to act on a re-
6 quest by the lessee for a required permit, other
7 approval, or administrative appeal within a reg-
8 ulatory or statutory time-frame associated with
9 the requested action, whether advisory or man-
10 datory, or if none, within 180 days; or

11 (C) a Federal agency attached a condition
12 of approval, without agreement by the lessee, to
13 a required permit or other approval if such con-
14 dition of approval was not mandated by Federal
15 statute or regulation in effect on the date of
16 lease issuance, or was not specifically allowed
17 under the terms of the lease.

18 (2) A lessee shall not be required to exhaust ad-
19 ministrative remedies regarding a permit request,
20 administrative appeal, or other required request for
21 approval for the purposes of this section.

22 (3) The Secretary shall make a final agency de-
23 cision on a request by a lessee under this section
24 within 180 days of request.

1 (4) Compensation to a lessee to repurchase and
2 cancel a lease under this section shall be the amount
3 that a lessee would receive in a restitution case for
4 a material breach of contract.

5 (5) Compensation shall be in the form of a
6 check or electronic transfer from the Department of
7 the Treasury from funds deposited into miscella-
8 neous receipts under the authority of the same Act
9 that authorized the issuance of the lease being re-
10 purchased.

11 (6) Failure of the Secretary to make a final
12 agency decision on a request by a lessee under this
13 section within 180 days of request shall result in a
14 10 percent increase in the compensation due to the
15 lessee if the lease is ultimately repurchased.

16 (c) NO PREJUDICE.—This section shall not be inter-
17 preted to prejudice any other rights that the lessee would
18 have in the absence of this section.

19 **SEC. 18. OFFSITE ENVIRONMENTAL MITIGATION.**

20 Notwithstanding any other provision of law, any per-
21 son conducting activities under the Mineral Leasing Act
22 (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30
23 U.S.C. 1001 et seq.), the Mineral Leasing Act for Ac-
24 quired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16
25 U.S.C. 552 et seq.), the General Mining Act of 1872 (30

1 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C.
2 601 et seq.), or the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1331 et seq.), may in satisfying any mitigation
4 requirements associated with such activities propose miti-
5 gation measures on a site away from the area impacted
6 and the Secretary of the Interior shall accept these pro-
7 posed measures if the Secretary finds that they generally
8 achieve the purposes for which mitigation measures apper-
9 tained.

10 **SEC. 19. AMENDMENTS TO THE MINERAL LEASING ACT.**

11 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
12 226(g)) is amended to read as follows:

13 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
14 TIES.—

15 “(1) REGULATION OF SURFACE-DISTURBING
16 ACTIVITIES.—The Secretary of the Interior, or for
17 National Forest lands, the Secretary of Agriculture,
18 shall regulate all surface-disturbing activities con-
19 ducted pursuant to any lease issued under this Act,
20 and shall determine reclamation and other actions as
21 required in the interest of conservation of surface re-
22 sources.

23 “(2) SUBMISSION OF EXPLORATION PLAN; COM-
24 PLETION REVIEW; COMPLIANCE REVIEW.—

1 “(A) Prior to beginning oil and gas explo-
2 ration activities, a lessee shall submit an explo-
3 ration plan to the Secretary of the Interior for
4 review.

5 “(B) The Secretary shall review the plan
6 for completeness within 10 days of submission.

7 “(C) In the event the exploration plan is
8 determined to be incomplete, the Secretary shall
9 notify the lessee in writing and specify the
10 items or information needed to complete the ex-
11 ploration plan.

12 “(D) The Secretary shall have 10 days to
13 review any modified exploration plan submitted
14 by the lessee.

15 “(E) To be deemed complete, an explo-
16 ration plan shall include, in the degree of detail
17 to be determined by the Secretary by rule or
18 regulation—

19 “(i) a drilling plan containing a de-
20 scription of the drilling program;

21 “(ii) the surface and projected com-
22 pletion zone location;

23 “(iii) pertinent geologic data;

1 “(iv) expected hazards, and proposed
2 mitigation measures to address such haz-
3 ards;

4 “(v) a schedule of anticipated explo-
5 ration activities to be undertaken;

6 “(vi) a description of equipment to be
7 used for such activities;

8 “(vii) a certification from the lessee
9 stating that the exploration plan complies
10 with all lease, regulatory and statutory re-
11 quirements in effect on the date of the
12 issuance of the lease;

13 “(viii) evidence that the lessee has se-
14 cured an adequate bond, surety, or other
15 financial arrangement prior to commence-
16 ment of any surface disturbing activity;

17 “(ix) a plan that details the complete
18 and timely reclamation of the lease tract;
19 and

20 “(x) such other relevant information
21 as the Secretary may by regulation require.

22 “(F) Upon a determination that the explo-
23 ration plan is complete, the Secretary shall have
24 30 days from the date the plan is deemed com-
25 plete to conduct a review of the plan.

1 “(G) If the Secretary finds the exploration
2 plan is not consistent with all statutory and
3 regulatory requirements in effect on the date of
4 issuance of the lease, the Secretary shall notify
5 the lessee with a detailed explanation of such
6 modifications of the exploration plan as are nec-
7 essary to achieve compliance.

8 “(H) The lessee shall not take any action
9 under the exploration plan within a 30 day re-
10 view period, or thereafter until the plan has
11 been modified to achieve compliance as so noti-
12 fied.

13 “(I) After review by the Secretary provided
14 by this subsection, a lessee may operate pursu-
15 ant to the plan without further review or ap-
16 proval by the Secretary.

17 “(3) PLAN REVISIONS; CONDUCT OF EXPLO-
18 RATION ACTIVITIES.—

19 “(A) If a significant revision of an explo-
20 ration plan under this subsection is submitted
21 to the Secretary, the process to be used for the
22 review of such revision shall be the same as set
23 forth in paragraph (1) of this subsection.

24 “(B) All exploration activities pursuant to
25 any lease shall be conducted in accordance with

1 an exploration plan that has been submitted to
2 and reviewed by the Secretary or a revision of
3 such plan.

4 “(4) SUBMISSION OF DEVELOPMENT AND PRO-
5 DUCION PLAN; COMPLETENESS REVIEW; COMPLI-
6 ANCE REVIEW.—

7 “(A) Prior to beginning oil and gas devel-
8 opment and production activities, a lessee shall
9 submit a development and exploration plan to
10 the Secretary of the Interior. Upon submission,
11 such plans shall be subject to a review for com-
12 pleteness.

13 “(B) The Secretary shall review the plan
14 for completeness within 30 days of submission.

15 “(C) In the event a development and pro-
16 duction plan is determined to be incomplete, the
17 Secretary shall notify the lessee in writing and
18 specify the items or information needed to com-
19 plete the plan.

20 “(D) The Secretary shall have 30 days to
21 review for completeness any modified develop-
22 ment and production plan submitted by the les-
23 see.

24 “(E) To be deemed complete, a develop-
25 ment and production plan shall include, in the

1 degree of detail to be determined by the Sec-
2 retary by rule or regulation—

3 “(i) a drilling plan containing a de-
4 scription of the drilling program;

5 “(ii) the surface and projected com-
6 pletion zone location;

7 “(iii) pertinent geologic data;

8 “(iv) expected hazards, and proposed
9 mitigation measures to address such haz-
10 ards;

11 “(v) a statement describing all facili-
12 ties and operations proposed by the lessee
13 and known by the lessee (whether or not
14 owned or operated by such lessee) that
15 shall be constructed or utilized in the de-
16 velopment and production of oil or gas
17 from the leases areas, including the loca-
18 tion and site of such facilities and oper-
19 ations, the land, labor, material, and en-
20 ergy requirements associated with such fa-
21 cilities and operations;

22 “(vi) the general work to be per-
23 formed;

24 “(vii) the environmental safeguards to
25 be implemented in connection with the de-

1 velopment and production and how such
2 safeguards are to be implemented;

3 “(viii) all safety standards to be met
4 and how such standards are to be met;

5 “(ix) an expected rate of development
6 and production and a time schedule for
7 performance;

8 “(x) a certification from the lessee
9 stating that the development and produc-
10 tion plan complies with all lease, regu-
11 latory, and statutory requirements in effect
12 on the date of issuance of the lease;

13 “(xi) evidence that the lessee has se-
14 cured an adequate bond, surety, or other
15 financial arrangement prior to commence-
16 ment of any surface disturbing activity;

17 “(xii) a plan that details the complete
18 and timely reclamation of the lease tract;
19 and

20 “(xiii) such other relevant information
21 as the Secretary may by regulation require.

22 “(F) Upon a determination that the devel-
23 opment and production plan is complete, the
24 Secretary shall have 120 days from the date the

1 plan is deemed complete to conduct a review of
2 the plan.

3 “(G) If the Secretary finds the develop-
4 ment and production plan is not consistent with
5 all statutory and regulatory requirements in ef-
6 fect on the date of issuance of the lease, the
7 Secretary shall notify the lessee with a detailed
8 explanation of such modifications of the devel-
9 opment and production plan as are necessary to
10 achieve compliance.

11 “(H) The lessee shall not take any action
12 under the development and production plan
13 within a 120 day review period, or thereafter
14 until the plan has been modified to achieve
15 compliance as so notified.

16 “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-
17 MENT AND PRODUCTION ACTIVITIES.—

18 “(A) If a significant revision of a develop-
19 ment and production plan under this subsection
20 is submitted to the Secretary, the process to be
21 used for the review of such revision shall be the
22 same as set forth in paragraph (4) of this sub-
23 section.

24 “(B) All development and production ac-
25 tivities pursuant to any lease shall be conducted

1 in accordance with an exploration plan that has
2 been submitted to and reviewed by the Sec-
3 retary or a revision of such plan.

4 “(6) CANCELLATION OF LEASE ON FAILURE TO
5 SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—
6 Whenever the owner of any lease fails to submit a
7 plan in accordance with regulations issued under
8 this section, or fails to comply with a plan, the lease
9 may be canceled in accordance with section 31. Ter-
10 mination of a lease because of failure to comply with
11 a plan, including required modifications or revisions,
12 shall not entitle a lessee to any compensation.”.

13 **SEC. 20. MINERALS MANAGEMENT SERVICE.**

14 The bureau known as the “Minerals Management
15 Service” in the Department of the Interior shall be known
16 as the “National Ocean Resources and Royalty Service”.

17 **SEC. 21. AUTHORITY TO USE DECOMMISSIONED OFFSHORE**
18 **OIL AND GAS PLATFORMS AND OTHER FA-**
19 **CILITIES FOR MARICULTURE, ARTIFICIAL**
20 **REEF, SCIENTIFIC RESEARCH, OR OTHER**
21 **USES.**

22 (a) SHORT TITLE.—This section may be cited as the
23 “Rigs to Reefs Act of 2005”.

1 (b) IN GENERAL.—The Outer Continental Shelf
2 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-
3 ing after section 9 the following:

4 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**
5 **GAS PLATFORMS AND OTHER FACILITIES**
6 **FOR MARICULTURE, ARTIFICIAL REEF, SCI-**
7 **ENTIFIC RESEARCH, OR OTHER USES.**

8 “(a) IN GENERAL.—The Secretary shall issue regula-
9 tions under which the Secretary may authorize use of an
10 offshore oil and gas platform or other facility that is de-
11 commissioned from service for oil and gas purposes for
12 culture of marine organisms, an artificial reef, scientific
13 research, or any other use authorized under section 8(p).

14 “(b) TRANSFER REQUIREMENTS.—The Secretary
15 shall not allow the transfer of a decommissioned offshore
16 oil and gas platform or other facility to another person
17 unless the Secretary is satisfied that the transferee is suf-
18 ficiently bonded, endowed, or otherwise financially able to
19 fulfill its obligations, including but not limited to—

20 “(1) ongoing maintenance of the platform or
21 other facility;

22 “(2) any liability obligations that might arise;

23 “(3) removal of the platform or other facility if
24 determined necessary by the Secretary; and

1 “(4) any other requirements and obligations
2 that the Secretary may deem appropriate by regula-
3 tion.

4 “(c) PLUGGING AND ABANDONMENT.—The Sec-
5 retary shall ensure that obligations of a lessee regarding
6 the plugging and abandonment of wells are unaffected by
7 implementation of this section.

8 “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-
9 ULATIONS.—An Adjacent State acting through a resolu-
10 tion of its legislature, with concurrence of its Governor,
11 may petition to opt-out of the application of regulations
12 promulgated under this section to platforms and other fa-
13 cilities located in the area of its Adjacent Zone within 25
14 miles of the coastline. The Secretary is authorized to ex-
15 cept such area from the application of such regulations,
16 and shall approve such petition, unless the Secretary finds
17 that approving the petition would probably cause serious
18 harm or damage to the marine resources of the State’s
19 Adjacent Zone. Prior to acting on the petition, the Sec-
20 retary shall complete an environmental assessment that
21 documents the anticipated environmental effects of ap-
22 proving the petition.

23 “(e) LIMITATION ON LIABILITY.—A person that had
24 used an offshore oil and gas platform or other facility for
25 oil and gas purposes and that no longer has any ownership

1 or control of the platform or other facility shall not be
2 liable under Federal law for any costs or damages arising
3 from such platform or other facility after the date the plat-
4 form or other facility is used for any purpose under sub-
5 section (a), unless such costs or damages arise from—

6 “(1) use of the platform or other facility by the
7 person for development or production of oil or gas;
8 or

9 “(2) another act or omission of the person.

10 “(f) OTHER LEASING AND USE NOT AFFECTED.—
11 This section, and the use of any offshore oil and gas plat-
12 form or other facility for any purpose under subsection
13 (a), shall not affect—

14 “(1) the authority of the Secretary to lease any
15 area under this Act; or

16 “(2) any activity otherwise authorized under
17 this Act.”.

18 “(c) DEADLINE FOR REGULATIONS.—The Secretary of
19 the Interior shall issue regulations under subsection (b)
20 by not later than 180 days after the date of the enactment
21 of this Act.

22 “(d) STUDY AND REPORT ON EFFECTS OF REMOVAL
23 OF PLATFORMS.—Not later than one year after the date
24 of enactment of this Act, the Secretary of the Interior,
25 in consultation with other Federal agencies as the Sec-

1 retary deems advisable, shall study and report to the Con-
2 gress regarding how the removal of offshore oil and gas
3 platforms and other facilities from the outer Continental
4 Shelf would affect existing fish stocks and coral popu-
5 lations.

6 **SEC. 22. REPEAL OF REQUIREMENT TO CONDUCT COM-**
7 **PREHENSIVE INVENTORY OF OCS OIL AND**
8 **NATURAL GAS RESOURCES.**

9 The Energy Policy Act of 2005 (Public Law 109–
10 58) is amended—

11 (1) by repealing section 357 (119 Stat. 720; 42
12 U.S.C. 15912); and

13 (2) in the table of contents in section 1(b), by
14 striking the item relating to such section 357.

15 **SEC. 23. MINING AND PETROLEUM SCHOOLS.**

16 (a) **FEDERAL ENERGY AND MINERAL RESOURCES**
17 **PROFESSIONAL DEVELOPMENT FUND.—**

18 (1) **PROFESSIONAL DEVELOPMENT FUND.—**

19 There is established in the Treasury a separate ac-
20 count to be known as the “Federal Energy And
21 Mineral Resources Professional Development Fund”
22 (in this section referred to as the “Professional De-
23 velopment Fund”).

1 (2) FUNDING.—The Secretary of the Treasury
2 shall deposit in the Professional Development
3 Fund—

4 (A) such sums as are provided by sections
5 9(b)(5)(A)(iii), 9(b)(5)(B)(iii), 9(c)(4)(A)(iii),
6 and 9(c)(4)(B)(iii) of the Outer Continental
7 Shelf Lands Act, as amended by this Act;

8 (B)(i) during the period of October 1,
9 2006, through September 30, 2015, 0.4 percent
10 of all sums paid into the Treasury under sec-
11 tion 35 of the Mineral Leasing Act (30 U.S.C.
12 191), and

13 (ii) beginning October 1, 2015, and there-
14 after, 2.0 percent of all sums paid into the
15 Treasury under section 35 of the Mineral Leas-
16 ing Act (30 U.S.C. 191);

17 (C)(i) during the period of October 1,
18 2006, through September 30, 2015, 0.4 percent
19 of all sums paid into the Treasury from receipts
20 derived from bonus bids and royalties from
21 other mineral leasing on public lands, and

22 (ii) beginning October 1, 2015, and there-
23 after, 2.0 percent of all sums paid into the
24 Treasury from receipts derived from bonus bids

1 and royalties from other mineral leasing on
2 public lands;

3 (D) donations received under paragraph
4 (4);

5 (E) amounts referred to in section 2325 of
6 the Revised Statutes; and

7 (F) funds received under section 10 of the
8 Energy and Mineral Schools Reinvestment Act,
9 as amended by this Act.

10 (3) INVESTMENTS.—The Secretary of the
11 Treasury shall invest the amounts deposited under
12 paragraph (2) and all accrued interest on the
13 amounts deposited under paragraph (2) only in in-
14 terest bearing obligations of the United States or in
15 obligations guaranteed as to both principal and in-
16 terest by the United States.

17 (4) DONATIONS.—The Secretary of the Interior
18 may solicit and accept donations of funds for deposit
19 into the Professional Development Fund.

20 (5) AVAILABILITY TO SECRETARY OF THE IN-
21 TERIOR.—

22 (A) IN GENERAL.—Beginning with fiscal
23 year 2007, and in each fiscal year thereafter,
24 the amounts deposited into the Professional De-
25 velopment Fund, together with the interest

1 thereon, shall be available, without fiscal year
2 limitations, to the Secretary of the Interior for
3 use to carry out the Energy and Mineral
4 Schools Reinvestment Act.

5 (B) WITHDRAWALS AND TRANSFER OF
6 FUNDS.—The Secretary of the Treasury shall
7 withdraw such amounts from the Professional
8 Development Fund as the Secretary of the Inte-
9 rior may request and transfer such amounts to
10 the Secretary of the Interior to be used, at the
11 discretion of the Secretary to carry out the En-
12 ergy and Mineral Schools Reinvestment Act.

13 (b) MAINTENANCE AND RESTORATION OF EXISTING
14 AND HISTORIC PETROLEUM AND MINING ENGINEERING
15 PROGRAMS.—Public Law 98–409 (30 U.S.C. 1221 et
16 seq.) is amended to read as follows:

17 **“SEC. 1. SHORT TITLE.**

18 “‘This Act may be cited as the ‘Energy and Mineral
19 Schools Reinvestment Act’.

20 **“SEC. 2. POLICY.**

21 “‘It is the policy of the United States to maintain the
22 human capital needed to preserve and foster the economic,
23 energy, and mineral resources security of the United
24 States. The petroleum and mining engineering programs
25 and the applied geology and geophysics programs at State

1 chartered schools, universities, and institutions that
2 produce human capital are national assets and should be
3 assisted with Federal funds to ensure their continued
4 health and existence.

5 **“SEC. 3. MAINTAINING AND RESTORING HISTORIC AND EX-**
6 **ISTING PETROLEUM AND MINING ENGINEER-**
7 **ING EDUCATION PROGRAMS.**

8 “(a) Using the funds in the Federal Energy And Min-
9 eral Resources Professional Development Fund, the Sec-
10 retary of the Interior (in this Act referred to as the ‘Sec-
11 retary’) shall provide funds to each historic and existing
12 State-chartered recognized petroleum or mining school to
13 assist such schools, universities, and institutions in main-
14 taining programs in petroleum, mining, and mineral engi-
15 neering education and research. All funds shall be directed
16 only to these programs and shall be subject to the condi-
17 tions of this section. Such funds shall not be less than
18 35 percent of the annual outlay of funds under this Act.

19 “(b) In this Act the term ‘historic and existing State-
20 chartered recognized petroleum or mining school’ means
21 a school, university, or educational institution with the
22 presence of an engineering program meeting the specific
23 program criteria, established by the member societies of
24 ABET, Inc., for petroleum, mining, or mineral engineer-
25 ing and that is accredited on the date of enactment of

1 the Domestic Energy Production through Offshore Explo-
2 ration and Equitable Treatment of State Holdings Act of
3 2006 by ABET, Inc.

4 “(c) It shall be the duty of each school, university,
5 or institution receiving funds under this section to provide
6 for and enhance the training of undergraduate and grad-
7 uate petroleum, mining, and mineral engineers through re-
8 search, investigations, demonstrations, and experiments.
9 All such work shall be carried out in a manner that will
10 enhance undergraduate education.

11 “(d) Each school, university, or institution receiving
12 funds under this Act shall maintain the program for which
13 the funds are provided for 10 years after the date of the
14 first receipt of such funds take steps agreed to by the Sec-
15 retary, to increase the number of undergraduate students
16 enrolled in and completing the programs of study in petro-
17 leum, mining, and mineral engineering.

18 “(e) The research, investigation, demonstration, ex-
19 periment, and training authorized by this section may in-
20 clude development and production of conventional and
21 non-conventional fuel resources, the production of metallic
22 and non-metallic mineral resources including industrial
23 mineral resources, and the production of stone, sand, and
24 gravel. In all cases the work carried out with funds made

1 available under this Act shall include a significant oppor-
2 tunity for participation by undergraduate students.

3 “(f) Research funded by this Act related to energy
4 and mineral resource development and production may in-
5 clude studies of petroleum, mining, and mineral extraction
6 and immediately related beneficiation technology; mineral
7 economics, reclamation technology and practices for active
8 operations, and the development of re-mining systems and
9 technologies to facilitate reclamation that fosters the ulti-
10 mate recovery of resources at abandoned petroleum, min-
11 ing, and aggregate production sites.

12 “(g) Grants for basic science and engineering studies
13 and research shall not require additional participation by
14 funding partners. Grants for studies to demonstrate the
15 proof of concept for science and engineering or the dem-
16 onstration of feasibility and implementation shall include
17 participation by industry and may include funding from
18 other Federal agencies.

19 “(h)(1) No funds made available under this section
20 shall be applied to the acquisition by purchase or lease
21 of any land or interests therein, or the rental, purchase,
22 construction, preservation, or repair of any building.

23 “(2) Funding made available under this section may
24 be used with the express approval of the Secretary for pro-
25 posals that will provide for maintaining or upgrading of

1 existing laboratories and laboratory equipment. Funding
2 for such maintenance shall not be used for university over-
3 head expenses.

4 “(3) Funding made available under this Act may be
5 used for maintaining and upgrading mines and oil and gas
6 drilling rigs owned by a school, university, or institution
7 described in this section that are used for undergraduate
8 and graduate training and worker safety training. All re-
9 quests for funding such mines and oil and gas drilling rigs
10 must demonstrate that they have been owned by the
11 school, university, or institution for 5 years prior to the
12 date of enactment of the Domestic Energy Production
13 through Offshore Exploration and Equitable Treatment of
14 State Holdings Act of 2006 and have been actively used
15 for instructional or training purposes during that time.

16 “(4) Any funding made available under this section
17 for research, investigation, demonstration, experiment, or
18 training shall not be used for university overhead charges
19 in excess of 10 percent of the amount authorized by the
20 Secretary.

21 **“SEC. 4. FORMER AND NEW PETROLEUM AND MINING ENGI-**
22 **NEERING PROGRAMS.**

23 “A school, university, or educational institution that
24 formerly met the requirements of section 3(b) immediately
25 before the date of the enactment of the Domestic Energy

1 Production through Offshore Exploration and Equitable
2 Treatment of State Holdings Act of 2006, or that seeks
3 to establish a new program described in section 3(b), shall
4 be eligible for funding under this Act only if it—

5 “(1) establishes a petroleum, mining, or mineral
6 engineering program that meets the specific program
7 criteria and is accredited as such by ABET, Inc.;

8 “(2) agrees to the conditions of subsections (c),
9 (d), and (e) of section 3 and the Secretary, as ad-
10 vised by the Committee established by section 11,
11 determines that the program will strengthen and in-
12 crease the number of nationally available, well-
13 qualified faculty members in petroleum, mining, and
14 mineral engineering; and

15 “(3) agrees to maintain the accredited program
16 for 10 years after the date of the first receipt of
17 funds under this Act.

18 **“SEC. 5. FUNDING OF CONSORTIA OF HISTORIC AND EXIST-**
19 **ING SCHOOLS.**

20 “(a) Where appropriate, the Secretary may make
21 funds available to consortia of schools, universities, or in-
22 stitutions described in sections 3, 4, and 6 to meet the
23 necessary expenses for purposes of—

24 “(1) specific energy and mineral research
25 projects of broad application that could not other-

1 wise be undertaken, including the expenses of plan-
2 ning and coordinating regional petroleum, mining,
3 and mineral engineering projects by two or more
4 schools; and

5 “(2) research into any aspects of petroleum,
6 mining, or mineral engineering problems, including
7 but not limited to exploration, that are related to the
8 mission of the Department of the Interior and that
9 are considered by the Committee to be desirable.

10 “(b) Each application for funds under subsection (a)
11 shall state, among other things, the nature of the project
12 to be undertaken; the period during which it will be pur-
13 sued; the qualifications of the personnel who will direct
14 and conduct it; the estimated costs; the importance of the
15 project to the Nation, region, or States concerned; its rela-
16 tion to other known research projects theretofore pursued
17 or being pursued; the extent to which the proposed project
18 will maximize the opportunity for the training of under-
19 graduate petroleum, mining, and mineral engineers; and
20 the extent of participation by nongovernmental sources in
21 the project.

22 “(c) No funds shall be made available under this sec-
23 tion except for a project approved by the Secretary. All
24 funds shall be made available upon the basis of merit of
25 the project, the need for the knowledge that it is expected

1 to produce when completed, and the opportunity it pro-
2 vides for the undergraduate training of individuals as pe-
3 troleum, mining, and mineral engineers.

4 **“SEC. 6. SUPPORT FOR SCHOOLS WITH ENERGY AND MIN-**
5 **ERAL RESOURCE PROGRAMS IN PETROLEUM**
6 **AND MINERAL EXPLORATION GEOLOGY, PE-**
7 **TROLEUM GEOPHYSICS, OR MINING GEO-**
8 **PHYSICS.**

9 “(a) Up to 20 percent of the annual outlay of funds
10 under this Act may be granted to schools, universities, and
11 institutions other than those described in sections 3 and
12 4.

13 “(b) The Secretary, as advised by the Committee es-
14 tablished by section 11, shall determine the eligibility of
15 a college or university to receive funding under this Act
16 using criteria that include—

17 “(1) the presence of a substantial program of
18 undergraduate and graduate geoscience instruction
19 and research in one or more of the following special-
20 ties: petroleum geology, mineral exploration geology,
21 economic geology, industrial minerals geology, min-
22 ing geology, petroleum geophysics, mining geo-
23 physics, geological engineering, or geophysical engi-
24 neering that has a demonstrated history of achieve-
25 ment;

1 “(2) evidence of institutional commitment for
2 the purposes of this Act that includes a significant
3 opportunity for participation by undergraduate stu-
4 dents in research;

5 “(3) evidence that such school, university, or in-
6 stitution has or can obtain significant industrial co-
7 operation in activities within the scope of this Act;

8 “(4) agreement by the school, university, or in-
9 stitution to maintain the programs for which the
10 funding is sought for the 10-year period beginning
11 on the date the school, university, or institution first
12 receives such funds; and

13 “(5) requiring that such funding shall be for
14 the purposes set forth in subsections (e), (f), and (g)
15 of section 3 and subject to the conditions set forth
16 in section 3(h).

17 **“SEC. 7. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND**
18 **FELLOWSHIPS.**

19 “(a) The Secretary shall utilize not more than 30 per-
20 cent of the annual outlay of funds under this Act for the
21 purpose of providing merit-based scholarships for under-
22 graduate education, graduate fellowships, and
23 postdoctoral fellowships.

24 “(b) In order to receive a scholarship or a graduate
25 fellowship, an individual student must be a lawful perma-

1 nent resident of the United States or a United States cit-
2 izen and must agree in writing to complete a course of
3 studies and receive a degree in petroleum, mining, or min-
4 eral engineering, petroleum geology, mining and economic
5 geology, petroleum and mining geophysics, or mineral eco-
6 nomics.

7 “(c) The regulations required by section 9 shall re-
8 quire that an individual, in order to retain a scholarship
9 or graduate fellowship, must continue in one of the course
10 of studies listed in subsection (b) of this section, must re-
11 main in good academic standing, as determined by the
12 school, institution, or university and must allow for rein-
13 statement of the scholarship or graduate fellowship by the
14 Secretary, upon the recommendation of the school or insti-
15 tution. Such regulations may also provide for recovery of
16 funds from an individual who fails to complete any of the
17 courses of study listed in subsection (b) of this section
18 after notice that such completion is a requirement of re-
19 ceipt funding under this Act.

20 **“SEC. 8. FUNDING CRITERIA FOR INSTITUTIONS.**

21 “(a) Funds available under this Act shall be paid at
22 such times and in such amounts during each fiscal year
23 as determined by the Secretary, and upon vouchers ap-
24 proved by the Secretary. Each school, university, or insti-
25 tution that receives funds under this Act shall—

1 “(1) establish its plan to provide for the train-
2 ing of individuals as petroleum or mineral engineers
3 and scientists under a curriculum appropriate to the
4 field of mineral resources and mineral engineering
5 and related fields;

6 “(2) establish policies and procedures that as-
7 sure that Federal funds made available under this
8 Act for any fiscal year will supplement and, to the
9 extent practicable, increase the level of funds that
10 would, in the absence of such Federal funds, be
11 made available for purposes of this Act, and in no
12 case supplant such funds; and

13 “(3) have an officer appointed by its governing
14 authority who shall receive and account for all funds
15 paid under this Act and shall make an annual report
16 to the Secretary on or before the first day of Sep-
17 tember of each year, on work accomplished and the
18 status of projects underway, together with a detailed
19 statement of the amounts received under this Act
20 during the preceding fiscal year, and of its disburse-
21 ments on schedules prescribed by the Secretary.

22 “(b) If any of the funds received by the authorized
23 receiving officer of a program under this Act are found
24 by the Secretary to have been improperly diminished, lost,

1 or misapplied, such funds shall be recovered by the Sec-
2 retary.

3 “(c) Schools, universities, and institutions receiving
4 funds under this Act are authorized and encouraged to
5 plan and conduct programs under this Act in cooperation
6 with each other and with such other agencies, business en-
7 terprises and individuals.

8 **“SEC. 9. DUTIES OF SECRETARY.**

9 “(a) The Secretary, acting through the Assistant Sec-
10 retary for Land and Minerals Management, shall admin-
11 ister this Act and, after consultation with other interested
12 Federal agencies, shall prescribe such rules and regula-
13 tions as may be necessary to carry out its provisions not
14 later than 1 year after the enactment of the Domestic En-
15 ergy Production through Offshore Exploration and Equi-
16 table Treatment of State Holdings Act of 2006.

17 “(b) The Secretary shall furnish such advice and as-
18 sistance as will best promote the purposes of this Act,
19 shall participate in coordinating research, investigations,
20 demonstrations, and experiments initiated under this Act,
21 shall indicate to schools, universities, and institutions re-
22 ceiving funds under this Act such lines of inquiry that
23 seem most important, and shall encourage and assist in
24 the establishment and maintenance of cooperation between
25 such schools, universities, and institutions, other research

1 organizations, the Department of the Interior, and other
2 Federal agencies.

3 “(c) On or before the first day of July of each year
4 beginning after the date of enactment of this sentence,
5 schools, universities, and institutions receiving funds
6 under this Act shall certify compliance with this Act. An
7 individual granted a scholarship or fellowship with funds
8 provided under this Act, shall through their respective
9 school, university, or institution, advise the Secretary upon
10 completion of the course of studies and the awarding of
11 the degree within 30 days after the award. As needed the
12 Secretary shall ascertain whether the requirements of this
13 Act have been met by schools, universities, and institutions
14 and individuals.

15 **“SEC. 10. COORDINATION.**

16 “(a) Nothing in this Act shall be construed to impair
17 or modify the legal relationship existing between any of
18 the schools, universities, and institutions under whose di-
19 rection a program is established with funds provided under
20 this Act and the government of the State in which it is
21 located. Nothing in this Act shall in any way be construed
22 to authorize Federal control or direction of education at
23 any school, university, or institution.

24 “(b) The programs authorized by this Act are in-
25 tended to enhance the Nation’s petroleum, mining, and

1 mineral engineering education programs and to enhance
2 educational programs in petroleum and mining exploration
3 and to increase the number of individuals enrolled in and
4 completing these programs. To achieve this intent, the
5 Secretary and the Committee established by section 11
6 shall receive the continuing advice and cooperation of all
7 agencies of the Federal Government concerned with the
8 identification, exploration, and development energy and
9 mineral resources.

10 “(c) Nothing in this Act is intended to give or shall
11 be construed as giving the Secretary any authority over
12 mining and mineral resources research conducted by any
13 agency of the Federal Government, or as repealing or di-
14 minishing existing authorities or responsibilities of any
15 agency of the Federal Government to plan and conduct,
16 contract for, or assist in research in its area of responsi-
17 bility and concern with regard to mining and mineral re-
18 sources.

19 “(d) The schools, universities, and institutions receiv-
20 ing funding under this Act shall generally make publicly
21 available the information and reports on projects com-
22 pleted, in progress, or planned with funds provided under
23 this Act. This information shall be made available on an
24 annual basis. All uses, products, processes, patents, and
25 other developments resulting from any research, dem-

1 onstration, or experiment funded in whole or in part under
2 this Act shall be made available promptly to the general
3 public, subject to exception or limitation, if any, as the
4 Secretary may find necessary in the interest of national
5 security. Schools, universities, and institutions receiving
6 patents for inventions funded in whole or in part under
7 this Act shall be governed by the applicable Federal law,
8 except that one percent of gross revenues derived from
9 such patents shall be paid by the schools and the institu-
10 tions to the Federal Energy and Mineral Resources Pro-
11 fessional Development Fund established by section 23(a)
12 of the Domestic Energy Production through Offshore Ex-
13 ploration and Equitable Treatment of State Holdings Act
14 of 2006.

15 **“SEC. 11. COMMITTEE ON PETROLEUM, MINING, AND MIN-**
16 **ERAL ENGINEERING AND ENERGY AND MIN-**
17 **ERAL RESOURCE EDUCATION.**

18 “(a) The Secretary shall appoint a Committee on Pe-
19 troleum, Mining, and Mineral Engineering and Energy
20 and Mineral Resource Education composed of—

21 “(1) the Assistant Secretary of the Interior re-
22 sponsible for land and minerals management and
23 not more than 16 other persons who are knowledge-
24 able in the fields of mining and mineral resources re-
25 search, including 2 university administrators one of

1 whom shall be from historic and existing petroleum
2 and mining schools; a community, technical, or tribal
3 college administrator; a career technical education
4 educator; 6 representatives equally distributed from
5 the petroleum, mining, and aggregate industries; a
6 working miner; a working oilfield worker; a rep-
7 resentative of the Interstate Oil and Gas Compact
8 Commission; a representative from the Interstate
9 Mining Compact Commission; a representative from
10 the Western Governors Association; a representative
11 of the State geologists, and a representative of a
12 State mining and reclamation agency. In making
13 these 16 appointments, the Secretary shall consult
14 with interested groups.

15 “(2) The Assistant Secretary for Land and
16 Minerals Management, in the capacity of the Chair-
17 man of the Committee, may have present during
18 meetings of the Committee representatives of Fed-
19 eral agencies with responsibility for energy and min-
20 erals resources management, energy and mineral re-
21 source investigations, energy and mineral commodity
22 information, international trade in energy and min-
23 eral commodities, mining regulation and mine safety
24 research, and research into the development, produc-
25 tion, and utilization of energy and mineral commod-

1 ities. These representatives shall serve as technical
2 advisors to the committee and shall have no voting
3 responsibilities.

4 “(b) The Committee shall consult with, and make rec-
5 ommendations to, the Secretary on all matters relating to
6 funding energy and mineral resources research and the
7 awarding and allocation of funding made under this Act.
8 The Secretary shall consult with and carefully consider
9 recommendations of the Committee in such matters.

10 “(c) Committee members, other than officers or em-
11 ployees of Federal, State, or local governments, shall be,
12 for each day (including traveltime) during which they are
13 performing Committee business, paid at a rate fixed by
14 the Secretary but not in excess of the daily equivalent of
15 the maximum rate of pay for level IV of the Executive
16 Schedule under section 5136 of title 5, United States
17 Code, and shall be fully reimbursed for travel, subsistence,
18 and related expenses.

19 “(d) The Committee shall be chaired by the Assistant
20 Secretary of the Interior responsible for land and minerals
21 management. There shall also be elected a Vice Chairman
22 by the Committee from among the members referred to
23 in this section. The Vice Chairman shall perform such du-
24 ties as are determined to be appropriate by the committee,
25 except that the Chairman of the Committee must person-

1 ally preside at all meetings of the full Committee. The
2 Committee may organize itself into such subcommittees as
3 the Committee may deem appropriate.

4 “(e) Following completion of the report required by
5 section 385 of the Energy Policy Act of 2005, the Com-
6 mittee shall consider the recommendations of the report,
7 ongoing efforts in the schools, universities, and institu-
8 tions receiving funding under this Act, the Federal and
9 State Governments, and the private sector, and shall for-
10 mulate and recommend to the Secretary a national plan
11 for a program utilizing the fiscal resources provided under
12 this Act. The Committee shall submit such plan to the
13 Secretary for approval. Upon approval, the plan shall
14 guide the Secretary and the Committee in their actions
15 under this Act.

16 “(f) Section 10 of the Federal Advisory Committee
17 Act (5 U.S.C. App. 2) shall not apply to the Committee.

18 **“SEC. 12. CAREER TECHNICAL EDUCATION.**

19 “(a) Up to 15 percent of the annual outlay of funds
20 under this Act may be granted to schools or institutions
21 including, but not limited to, colleges, universities, commu-
22 nity colleges, tribal colleges, technical institutes, and sec-
23 ondary schools, other than those described in sections 3,
24 4, 5, and 6.

1 “(b) The Secretary, as advised by the Committee es-
2 tablished under section 11, shall determine the eligibility
3 of a school or institution to receive funding under this sec-
4 tion using criteria that include—

5 “(1) the presence of a substantial program of
6 training, including vocational education for individ-
7 uals seeking to enter the oil and gas, coal mining,
8 or mineral mining industries in a skilled technical
9 trade offered by the schools or institutions referred
10 to in subsection (a); or

11 “(2) the presence of a State-approved program
12 of career technical education at a secondary school,
13 offered cooperatively with a schools or institutions
14 referred to in subsection (a) in one of the industrial
15 sectors of—

16 “(A) agriculture, forestry, or fisheries;

17 “(B) utilities;

18 “(C) construction;

19 “(D) manufacturing; and

20 “(E) transportation and warehousing.

21 “(c) Schools or institutions receiving funds under this
22 section must show evidence of an institutional commit-
23 ment for the purposes career technical education and pro-
24 vide evidence that the school or institution can obtain in-

1 dustrial cooperation in activities within the scope of this
2 Act.

3 “(d) Schools or institutions receiving funds under
4 this section must agree to maintain the programs for
5 which the funding is sought for a period of 10 years begin-
6 ning on the date the school or institution receives such
7 funds, unless the Secretary finds that a shorter period of
8 time is appropriate for the local labor market or is re-
9 quired by State authorities.”.

10 **SEC. 24. ONSHORE AND OFFSHORE MINERAL LEASE FEES.**

11 Notwithstanding any other provision of law, the De-
12 partment of the Interior is prohibited from charging fees
13 applicable to actions on Federal onshore and offshore oil
14 and gas, coal, geothermal, and other mineral leases, in-
15 cluding transportation of any production from such leases,
16 if such fees were not established in final regulations prior
17 to the date of issuance of the lease.

18 **SEC. 25. OCS REGIONAL HEADQUARTERS.**

19 The headquarters for the Gulf of Mexico Region shall
20 permanently be located within the State of Louisiana with-
21 in 25 miles of the center of Jackson Square, New Orleans,
22 Louisiana. Further, not later than July 1, 2008, the Sec-
23 retary of the Interior shall establish the headquarters for
24 the Atlantic OCS Region and the headquarters for the Pa-
25 cific OCS Region within a State bordering the Atlantic

1 OCS Region and a State bordering the Pacific OCS Re-
2 gion, respectively, from among the States bordering those
3 Regions, that petitions by no later than January 1, 2008,
4 for leasing, for oil and gas or natural gas, covering at least
5 40 percent of the area of its Adjacent Zone within 100
6 miles of the coastline. Such Atlantic and Pacific OCS Re-
7 gions headquarters shall be located within 25 miles of the
8 coastline and each MMS OCS regional headquarters shall
9 be the permanent duty station for all Minerals Manage-
10 ment Service personnel that on a daily basis spend on av-
11 erage 60 percent or more of their time in performance of
12 duties in support of the activities of the respective Region,
13 except that the Minerals Management Service may house
14 regional inspection staff in other locations. Each OCS Re-
15 gion shall each be led by a Regional Director who shall
16 be an employee within the Senior Executive Service.

17 **SEC. 26. NATIONAL GEOLOGIC DATA AND MAPPING FUND**

18 **ACT OF 2005.**

19 (a) **SHORT TITLE.**—This section may be cited as the
20 “National Geologic Data and Mapping Fund Act of
21 2006”.

22 (b) **PURPOSES.**—The purpose of this section is to—

23 (1) establish a fund to provide funding for geo-
24 logic mapping and the preservation and use of geo-
25 logic data;

1 (2) make available receipts derived from sales,
2 bonus bids, and royalties from onshore and offshore
3 gas, minerals, oil, and any additional form of energy
4 exploration and development under the laws of the
5 United States for the purposes of the such fund;

6 (3) distribute funds from such fund each fiscal
7 year to the Secretary of the Interior and the States;
8 and

9 (4) use the distributed funds to secure the nec-
10 essary trained workforce, contractual services, and
11 other support, including maintenance and capital in-
12 vestments, to conduct geologic mapping and preserve
13 and make geologic data available for use.

14 (c) DEFINITIONS.—In this section:

15 (1) GEOLOGIC FUND.—The term “Geologic
16 Fund” means the National Geologic Data and Map-
17 ping Fund established by subsection (d).

18 (2) STATE.—The term “State” means the State
19 geological survey, the agency that acts as the State
20 geological survey, or any other State government
21 agency primarily responsible for geologic mapping or
22 geologic data preservation (or both) within a State.

23 (d) ESTABLISHMENT AND USE OF NATIONAL GEO-
24 LOGIC DATA AND MAPPING FUND.—

1 (1) GEOLOGIC FUND.—There is established in
2 the Treasury a separate account to be known as the
3 “National Geologic Data and Mapping Fund”.

4 (2) FUNDING.—The Secretary of the Treasury
5 shall deposit in the Enhancement Fund—

6 (A) such sums as are provided by sections
7 9(b)(5)(A)(iv), 9(b)(5)(B)(iv), 9(c)(4)(A)(iv),
8 and 9(c)(4)(B)(iv) of the Outer Continental
9 Shelf Lands Act, as amended by this Act;

10 (B)(i) during the period of October 1,
11 2006, through September 30, 2015, 0.1 percent
12 of all sums paid into the Treasury under sec-
13 tion 35 of the Mineral Leasing Act (30 U.S.C.
14 191), and

15 (ii) beginning October 1, 2015, and there-
16 after, 0.5 percent of all sums paid into the
17 Treasury under section 35 of the Mineral Leas-
18 ing Act (30 U.S.C. 191); and

19 (C)(i) during the period of October 1,
20 2006, through September 30, 2015, 0.1 percent
21 of all sums paid into the Treasury from receipts
22 derived from bonus bids and royalties from
23 other mineral leasing on public lands, and

24 (ii) beginning October 1, 2015, and there-
25 after, 0.5 percent of all sums paid into the

1 Treasury from receipts derived from bonus bids
2 and royalties from other mineral leasing on
3 public lands.

4 (3) INVESTMENTS.—The Secretary of the
5 Treasury shall invest the amounts deposited under
6 paragraph (2) and all accrued interest on the
7 amounts deposited under paragraph (2) only in in-
8 terest bearing obligations of the United States or in
9 obligations guaranteed as to both principal and in-
10 terest by the United States.

11 (4) AVAILABILITY TO SECRETARY OF THE IN-
12 TERIOR.—

13 (A) IN GENERAL.—Beginning with fiscal
14 year 2007, and in each fiscal year thereafter,
15 one-third of amounts deposited into the Geo-
16 logic Fund, together with the interest thereon,
17 shall be available, without fiscal year limita-
18 tions, to the Secretary of the Interior for use
19 for the purposes described in subsection (b)(4).

20 (B) WITHDRAWALS AND TRANSFER OF
21 FUNDS.—The Secretary of the Treasury shall
22 withdraw such amounts from the Geologic Fund
23 as the Secretary of the Interior may request,
24 subject to the limitation in subparagraph (A),
25 and transfer such amounts to the Secretary of

1 the Interior to be used, at the discretion of the
2 Secretary of the Interior, by the Minerals Man-
3 agement Service, the Bureau of Land Manage-
4 ment, and the United States Geological Survey
5 for the purposes described in subsection (b)(4).
6 No funds distributed from the Geologic Fund
7 may be used to purchase an interest in land.

8 (5) PAYMENT TO STATES.—

9 (A) IN GENERAL.—Beginning with fiscal
10 year 2007, and in each fiscal year thereafter,
11 two-thirds of amounts deposited into the Geo-
12 logic Fund, together with the interest thereon,
13 shall be available, without fiscal year limita-
14 tions, to the States for use for the purposes de-
15 scribed in subsection (b)(4).

16 (B) WITHDRAWALS AND TRANSFER OF
17 FUNDS.—Within the first 90 days of each fiscal
18 year, the Secretary of the Treasury shall with-
19 draw amounts from the Geologic Fund and
20 transfer such amounts to the States based on
21 a formula devised by the Secretary of the Inte-
22 rior based on the relative geologic mapping and
23 data preservation needs of the States.

24 (C) USE OF PAYMENTS BY STATES.—Each
25 State shall use the payments made under sub-

1 paragraph (B) only for carrying out projects
2 and programs for the purposes described in
3 subsection (b)(4). No funds distributed from
4 the Geologic Fund may be used to purchase an
5 interest in land.

6 (D) ENCOURAGEMENT OF USE OF PRIVATE
7 FUNDS BY STATES.—Each State shall use the
8 payments made under subparagraph (B) to le-
9 verage private funds for carrying out projects
10 for the purposes described in subsection (b)(4).

11 (e) REPORT TO CONGRESS.—Beginning in fiscal year
12 2008 and continuing for each fiscal year thereafter, the
13 Secretary of the Interior and each State receiving funds
14 from the Geologic Fund shall submit a report to the Com-
15 mittee on Energy and Natural Resources of the Senate
16 and the Committee on Resources of the House of Rep-
17 resentatives. Reports submitted to the Congress by the
18 Secretary of the Interior and the States shall include de-
19 tailed information regarding expenditures during the pre-
20 vious fiscal year.

21 **SEC. 27. LEASES FOR AREAS LOCATED WITHIN 100 MILES**
22 **OF CALIFORNIA OR FLORIDA.**

23 (a) AUTHORIZATION TO CANCEL AND EXCHANGE
24 CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION

1 ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN
2 LEASES PRIOR TO JUNE 30, 2012.—

3 (1) AUTHORITY.—Effective 180 days after the
4 date of enactment of this subtitle, the lessee of an
5 existing oil and gas lease for an area located com-
6 pletely within 100 miles of the coastline within the
7 California or Florida Adjacent Zones shall have the
8 option, without compensation, of exchanging such
9 lease for a new oil and gas lease having a primary
10 term of 5 years. For the area subject to the new
11 lease, the lessee may select any unleased tract at
12 least part of which is located within the area be-
13 tween 100 and 125 miles from the coastline, and
14 completely beyond 100 miles from the coastline,
15 within the same Adjacent State's Adjacent Zone as
16 the lease being exchanged.

17 (2) ADMINISTRATIVE PROCESS.—The Secretary
18 of the Interior shall establish a reasonable adminis-
19 trative process through which a lessee may exercise
20 its option to exchange an oil and gas lease for a new
21 oil and gas lease as provided for in this section.
22 Such exchanges, including the issuance of new
23 leases, shall not be considered to be major Federal
24 actions for purposes of the National Environmental
25 Policy Act of 1969 (42 U.S.C. 4321 et seq.). Fur-

1 ther, such exchanges conducted in accordance with
2 this section are deemed to be in compliance all provi-
3 sions of the Outer Continental Shelf Lands Act (43
4 U.S.C. 1331 et seq.). The Secretary shall issue a
5 new lease in exchange for the lease being exchanged
6 notwithstanding that the area that will be subject to
7 the lease may be withdrawn from leasing under the
8 Outer Continental Shelf Lands Act or otherwise un-
9 available for leasing under the provisions of any
10 other law.

11 (3) OPERATING RESTRICTIONS.—A new lease
12 issued in exchange for an existing lease under this
13 section shall be subject to such national defense op-
14 erating restrictions on the OCS tract covered by the
15 new lease as may be applicable upon issuance.

16 (4) PRIORITY.—The Secretary shall give pri-
17 ority in the lease exchange process based on the
18 amount of the original bonus bid paid for the
19 issuance of each lease to be exchanged. The Sec-
20 retary shall allow leases covering partial tracts to be
21 exchanged for leases covering full tracts conditioned
22 upon payment of additional bonus bids on a per-acre
23 basis as determined by the average per acre of the
24 original bonus bid per acre for the partial tract
25 being exchanged.

1 (5) EXPLORATION PLANS.—Any exploration
2 plan submitted to the Secretary of the Interior after
3 the date of the enactment of this Act and before
4 July 1, 2012, for an oil and gas lease for an area
5 wholly within 100 miles of the coastline within the
6 California Adjacent Zone or Florida Adjacent Zone
7 shall not be treated as received by the Secretary
8 until the earlier of July 1, 2012, or the date on
9 which a petition by the Adjacent State for oil and
10 gas leasing covering the area within which is located
11 the area subject to the oil and gas lease was ap-
12 proved.

13 (b) FURTHER LEASE CANCELLATION AND EX-
14 CHANGE PROVISIONS.—

15 (1) CANCELLATION OF LEASE.—As part of the
16 lease exchange process under this section, the Sec-
17 retary shall cancel a lease that is exchanged under
18 this section.

19 (2) CONSENT OF LESSEES.—All lessees holding
20 an interest in a lease must consent to cancellation
21 of their leasehold interests in order for the lease to
22 be cancelled and exchanged under this section.

23 (3) WAIVER OF RIGHTS.—As a prerequisite to
24 the exchange of a lease under this section, the lessee

1 must waive any rights to bring any litigation against
2 the United States related to the transaction.

3 (4) PLUGGING AND ABANDONMENT.—The plug-
4 ging and abandonment requirements for any wells
5 located on any lease to be cancelled and exchanged
6 under this section must be complied with by the les-
7 sees prior to the cancellation and exchange.

8 (c) AREA PARTIALLY WITHIN 100 MILES OF FLOR-
9 IDA.—An existing oil and gas lease for an area located
10 partially within 100 miles of the coastline within the Flor-
11 ida Adjacent Zone may only be developed and produced
12 using wells drilled from well-head locations at least 100
13 miles from the coastline to any bottom-hole location on
14 the area of the lease.

15 (d) EXISTING OIL AND GAS LEASE DEFINED.—In
16 this section the term “existing oil and gas lease” means
17 an oil and gas lease in effect on the date of the enactment
18 of this Act.

19 **SEC. 28. COASTAL IMPACT ASSISTANCE.**

20 Section 31 of the Outer Continental Shelf Lands Act
21 (43 U.S.C. 1356a) is repealed.

22 **SEC. 29. OIL SHALE AND TAR SANDS AMENDMENTS.**

23 (a) REPEAL OF REQUIREMENT TO ESTABLISH PAY-
24 MENTS.—Section 369(o) of the Energy Policy Act of 2005

1 (Public Law 109–58; 119 Stat. 728; 42 U.S.C. 15927)
2 is repealed.

3 (b) TREATMENT OF REVENUES.—Section 21 of the
4 Mineral Leasing Act (30 U.S.C. 241) is amended by add-
5 ing at the end the following:

6 “(e) REVENUES.—

7 “(1) IN GENERAL.—Notwithstanding the provi-
8 sions of section 35, all revenues received from and
9 under an oil shale or tar sands lease shall be dis-
10 posed of as provided in this subsection.

11 “(2) ROYALTY RATES FOR COMMERCIAL
12 LEASES.—

13 “(A) INITIAL PRODUCTION.—For the first
14 10 years after initial production under each oil
15 shale or tar sands lease issued under the com-
16 mercial leasing program established under sub-
17 section (d), the Secretary shall set the royalty
18 rate at not less than 1 percent nor more than
19 3 percent of the gross value of production.
20 However, the initial production period royalty
21 rate set by the Secretary shall not apply to pro-
22 duction occurring more than 15 years after the
23 date of issuance of the lease.

24 “(B) SUBSEQUENT PERIODS.—After the
25 periods of time specified in subparagraph (A),

1 the Secretary shall set the royalty rate on each
2 oil shale or tar sands lease issued under the
3 commercial leasing program established under
4 subsection (d) at not less than 6 percent nor
5 more than 9 percent of the gross value of pro-
6 duction.

7 “(C) REDUCTION.—The Secretary shall re-
8 duce any royalty otherwise required to be paid
9 under subparagraphs (A) and (B) under any oil
10 shale or tar sands lease on a sliding scale based
11 upon market price, with a 10 percent reduction
12 if the monthly average price of NYMEX West
13 Texas Intermediate crude oil at Cushing, Okla-
14 homa, (WTI) drops below \$50 (in 2005 dollars)
15 for the month in which the production is sold,
16 and an 80 percent reduction if the monthly av-
17 erage price of WTI drops below \$30 (in 2005
18 dollars) for the month in which the production
19 is sold.

20 “(3) DISPOSITION OF REVENUES.—

21 “(A) DEPOSIT.—The Secretary shall de-
22 posit into a separate account in the Treasury
23 all revenues derived from any oil shale or tar
24 sands lease.

1 “(B) ALLOCATIONS TO STATES AND LOCAL
2 POLITICAL SUBDIVISIONS.—The Secretary shall
3 allocate 50 percent of the revenues deposited
4 into the account established under subpara-
5 graph (A) to the State within the boundaries of
6 which the leased lands are located, with a por-
7 tion of that to be paid directly by the Secretary
8 to the State’s local political subdivisions as pro-
9 vided in this paragraph.

10 “(C) TRANSMISSION OF ALLOCATIONS.—

11 “(i) IN GENERAL.—Not later than the
12 last business day of the month after the
13 month in which the revenues were received,
14 the Secretary shall transmit—

15 “(I) to each State two-thirds of
16 such State’s allocations under sub-
17 paragraph (B), and in accordance
18 with clauses (ii) and (iii) to certain
19 county-equivalent and municipal polit-
20 ical subdivisions of such State a total
21 of one-third of such State’s allocations
22 under subparagraph (B), together
23 with all accrued interest thereon; and

24 “(II) the remaining balance of
25 such revenues deposited into the ac-

1 count that are not allocated under
2 subparagraph (B), together with in-
3 terest thereon, shall be transmitted to
4 the miscellaneous receipts account of
5 the Treasury, except that until a lease
6 has been in production for 20 years
7 50 percent of such remaining balance
8 derived from a lease shall be paid in
9 accordance with subclause (I).

10 “(ii) ALLOCATIONS TO CERTAIN
11 COUNTY-EQUIVALENT POLITICAL SUBDIVI-
12 SIONS.—The Secretary shall under clause
13 (i)(I) make equitable allocations of the rev-
14 enues to county-equivalent political sub-
15 divisions that the Secretary determines are
16 closely associated with the leasing and pro-
17 duction of oil shale and tar sands, under a
18 formula that the Secretary shall determine
19 by regulation.

20 “(iii) ALLOCATIONS TO MUNICIPAL
21 POLITICAL SUBDIVISIONS.—The initial al-
22 location to each county-equivalent political
23 subdivision under clause (ii) shall be fur-
24 ther allocated to the county-equivalent po-
25 litical subdivision and any municipal polit-

1 ical subdivisions located partially or wholly
2 within the boundaries of the county-equiva-
3 lent political subdivision on an equitable
4 basis under a formula that the Secretary
5 shall determine by regulation.

6 “(D) INVESTMENT OF DEPOSITS.—The de-
7 posits in the Treasury account established
8 under this section shall be invested by the Sec-
9 retary of the Treasury in securities backed by
10 the full faith and credit of the United States
11 having maturities suitable to the needs of the
12 account and yielding the highest reasonably
13 available interest rates as determined by the
14 Secretary of the Treasury.

15 “(E) USE OF FUNDS.—A recipient of
16 funds under this subsection may use the funds
17 for any lawful purpose as determined by State
18 law. Funds allocated under this subsection to
19 States and local political subdivisions may be
20 used as matching funds for other Federal pro-
21 grams without limitation. Funds allocated to
22 local political subdivisions under this subsection
23 may not be used in calculation of payments to
24 such local political subdivisions under programs

1 for payments in lieu of taxes or other similar
2 programs.

3 “(F) NO ACCOUNTING REQUIRED.—No re-
4 cipient of funds under this subsection shall be
5 required to account to the Federal Government
6 for the expenditure of such funds, except as
7 otherwise may be required by law.

8 “(4) DEFINITIONS.—In this subsection:

9 “(A) COUNTY-EQUIVALENT POLITICAL
10 SUBDIVISION.—The term ‘county-equivalent po-
11 litical subdivision’ means a political jurisdiction
12 immediately below the level of State govern-
13 ment, including a county, parish, borough in
14 Alaska, independent municipality not part of a
15 county, parish, or borough in Alaska, or other
16 equivalent subdivision of a State.

17 “(B) MUNICIPAL POLITICAL SUBDIVI-
18 SION.—The term ‘municipal political subdivi-
19 sion’ means a municipality located within and
20 part of a county, parish, borough in Alaska, or
21 other equivalent subdivision of a State.”.

○